

AUDIT COMMITTEE

10 February 2020 - Meeting Room 209, Sutherland Building, City Campus West

CONFIRMED SUMMARY MINUTES

Contact Susan O'Donnell, susan.odonnell@northumbria.ac.uk, Secretary to the Board of Governors, with any queries about these Summary Minutes.

The meeting was preceded by a closed meeting with Committee Members and the representatives of internal and external audit.

Present: J Bromiley, A Corfield (Chair), D Jennings, P Judge.
 Observers: S Pelham (via teleconference)
 Apologies: S Kenny (EY), S Reid (EY), A Rice-Thomson, C Vaulks (KPMG), Professor A Wathey
 Secretary: S O'Donnell (Secretary), M Ritzmann (Assistant Secretary).
 In attendance: F Belsey [AC19/58], Professor P Francis, L Lee [AC19/55], M Main [AC19/58], Professor G Marston [AC19/55], D Monnery, S Newitt, C Partridge (KPMG), E Pritchard [AC19/58], N Wright (EY).

MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING

1. Introduction, Meeting Record, Reporting and Context

Introductions [Oral Report]

The Chair welcomed James Bromiley, Peter Judge MBE and Sally Pelham (Observer) to their first meeting of the Audit Committee. The Chair also welcomed Clare Partridge, Audit Partner, KPMG to the meeting, replacing the previous KPMG Audit Engagement Lead, Paul Moran, after 10 years performing the role.

04 November 2019 Committee Meeting: Executive Summary and Confidential Minutes [AC19/47-i]

The Committee confirmed the Executive Summary and Confidential Minutes as an accurate record of its meeting on 04 November 2019, subject to **recording its thanks to David Warcup QPM for his contribution to the Committee and amendments to Minute 19.55 (Outstanding Audit Actions) to correct the number of actions reported as 'Fully Implemented', 'Overdue' and 'Not Yet Due' to its November 2019 meeting, a note on which would be circulated to the Committee ahead of the next meeting.**

Summary Action List/Matters Arising [AC19/49]

The Committee considered progress in the implementation of previously agreed actions and was asked to confirm the actions in the Holding Bay as completed for release from the Summary Action List. **The Committee confirmed that actions proposed for closure were referenced and checked during the course of the Committee meeting as the relevant agenda item was reached. For historical and overdue actions, it requested the same level of rigour be applied to the Committee's own actions, for example, firm action plans and realistic deadlines, as was applied to internal audit actions. It noted that there was further work to be done to make Value for Money (VfM) more explicit in Committee papers.**

Updated Committee Terms of Reference [AC19/50]

The Committee was asked to endorse its updated Terms of Reference and Membership for 2019/20 for approval by the Board of Governors on 24 February 2020, following an amendment to clarify the powers and membership status of co-opted Board Committee members and updates to its membership following the recent recruitment of new Independent Governors. The Secretary also highlighted that, prior to submission to the Board, the wording of paragraph 4.1 would be strengthened to clarify that there was no restriction on independent governors having three successive three year terms as a member of a single Board Committee. **The Committee noted the amendments made and planned prior to the February**

	<p>meeting of the Board. It requested that Sally Pelham (Observer) be moved out of the Membership section/table and that clarifications be included regarding other observers being invited with the agreement of the Chair, it was clarified that the Committee met <u>at least</u> four times per year, including via tele/videoconference and reference to the Committee's role regarding the TRAC and TRAC (T) returns, and any other required OfS returns be included.</p> <p>Committee Annual Evaluation of Effectiveness 2017/18 [AC19/51] The Committee noted the actions and next steps taken or planned in response to the issues raised in the Audit Committee Evaluation 2017/18. In relation to the point concerning additional assurance and transparency around, the Committee reiterated that transparency around, and timely exposure of, known unknowns to the Committee was key. This was, in part, a matter of culture and mindset amongst senior University colleagues and those who interacted with the Committee. It was confirmed that the University was in the process of reviewing its Reportable Incidents Policy to ensure this was aligned with Committee expectations and requirements, as well as the OfS Reportable Events guidance and associated reporting requirements. Regarding potential Audit Committee benchmarking, the Committee welcomed any recommendations of other HEIs or other organisations from the Internal Auditors, EY or the External Auditors, KPMG.</p>
2.	<p><u>Internal Audit</u> Outstanding Audit Actions: 13 January 2020 [AC19/52] The Committee considered progress in the implementation of outstanding audit actions. The Committee noted the ongoing need for deadlines for implementation to be realistic and achievable from the outset. Greater clarity was required around the residual risk associated within an audit finding, where the original risk status and risk description had, at least in part, been mitigated by partial completion of the agreed audit action. Given the role of the Vice-Chancellor and Chief Executive as the University's Accountable Officer, this title should be changed to "Action Owner" for each audit action, to avoid confusion; further, in instances where a change to the deadline for implementation had been requested more than once, the Action Owner should attend the Committee meeting to support and explain this. The Committee approved the implementation plans for two audit actions, the requests and associated justifications to extend the implementation dates of a further two overdue audit actions and to mark two audit actions as superseded by alternative action and associated timescales. The structure and format of this Agenda Item would be subject to further review ahead of it being presented to the Committee's June 2020 meeting.</p> <p>Internal Audit 2019/20 Progress Report and Q1 Audits [AC19/53] The Committee considered progress against the 2019/20 Internal Audit Plan since its November 2019 meeting. Whilst it had been planned to present the final report arising from the Safeguarding review to this meeting of the Committee, this had been delayed due to the availability and competing priorities of colleagues in Human Resources, namely in relation to the REF. The audits of Competition and Markets Authority (CMA) Compliance and OfS Registration Condition were due to commence (fieldwork) w/c 10 February 2020, with terms of reference for the forthcoming audits of Staff Mental Health and Core Financial Controls recently issued in draft. The Committee noted that the Core Financial Controls audit would be reported to the June and September 2020 meetings of the Committee, rather than the final report being presented to the November 2020 Committee meeting.</p> <p>Revenue Completeness [AC19/54] The Committee considered the Revenue Completeness Internal Audit Report. The audit had reviewed how the University ensured it had collected revenues for all services performed, accuracy of the amounts billed/invoiced and whether roles and responsibilities in the revenue collection process were sufficiently defined and understood. The audit was rated as medium risk. The Committee noted and accepted the management view that a wider, fundamental review was required to address root cause issues and noted the related action plan that would be submitted to the 08 June 2020 meeting of the Committee.</p>
3.	<p><u>Policy Risk and Assurance</u> Health, Safety and Wellbeing Report Q2 2019/20 [AC19/55] The Committee noted the Health, Safety and Wellbeing Report Q2 2019/20 (November 2019 to January 2020), in particular: [i] an update on the Coronavirus, [ii] the University's response to the Secretary of State for Education's request for assurance on fire safety following the Cube fire in Bolton, [iii] average completion of mandatory training for core staff had increase by 3% from the last quarter, [iv] health and safety effectiveness was in line with the University Health and Safety Policy, [v] the last RIDDOR reportable incident was November 2019, [vi] a reduction in the quarterly incident statistics and [vii] continuing to</p>

increase ways of supporting colleagues with both their physical and mental wellbeing. **The Committee commended the report and the work undertaken, and noted the confirmation that the Camden Court cladding system was compliant with relevant requirements.** It noted that there had only been one near miss reported between November 2019 to January 2020 and received assurance that focus was placed on hazard identification and resolution before near misses occurred. The Health and Safety element of the paper should include a summary of medium risk audit actions as well as corresponding close out dates. Support was expressed for the University's investment in, and direction of, wellbeing, but it was important that success was measured through the outcomes and benefits of this investment from a University perspective/ at an organisational level, for example, via reduced sickness or stress related absence figures. Benchmarking information was requested on the University's staff wellbeing and absence data and clarification of how the days lost by absence type presented in tabular form, reconciled to the staff absence charts. The Chair, on behalf of the Committee, thanked Lesley Lee, Deputy Director, Human Resources, who was due to retire, for her work on the University's wellbeing agenda in particular.

Revised Strategic Risk Register [AC19/56]

The Committee considered the proposed revisions to the University's Strategic Risks following review by University Executive and in advance of their review by the Board of Governors on 24 February 2020. Whilst consultation with Risk Owners confirmed the suite of risks remained accurate and relevant overall, it was agreed that: [i] SRR007 be separated to allow sufficient visibility of both strands of this risk and [ii] SRR011 was repositioned slightly. This consultation with Risk Owners was now complete with the exception of two risks (SRR006 and SRR008) where discussions had not yet been finalised due to bereavement leave. **The Committee commended the report and the work undertaken and noted the clarifications regarding Register revision protocols (for example to show slippage of deadlines and ensuring an adequate audit trail) and the date of the Projected Risk Score (September 2020).**

Reportable Incidents Update [AC19/57] LEGALLY PRIVILEGED

The Committee considered an update on two Reportable Incidents as at 31 January 2020. **The Committee noted the update.**

TRAC for Teaching (T) 2018/19 Return [AC19/58]

The Committee considered a report and presentation on the University's Transparent Approach to Costing (TRAC) for Teaching (T) 2018/19 Return. The report was intended to provide the Committee with assurance that the methodology used in the compilation and reporting of the University's TRAC (T) return was in accordance with the TRAC requirements, so it could, in turn, provide this onward confirmation of compliance to the OfS. **The Committee noted the results of the return reflected the University Strategy and the confirmation that the methodology and approach adopted to compile the return was largely fixed, with limited scope to make changes between years based on the requirements of the return. The Committee confirmed the return was compliant with the TRAC requirements for onward sign-off by the Vice-Chancellor and Chief Executive and submission to the OfS.**

Data Assurance 2019/20 Priorities [AC19/59]

The Committee noted the proposed core priorities for data assurance work for 2019/20. The report represented an updated and finalised view to that considered by the Committee at its November 2019 meeting.

Committee Agenda Plan 2019/20 [AC19/60]

The Committee noted its Agenda Plan for 2019/20 and future meeting agenda items. **The Committee requested that the management action plan in response to the Revenue Completeness Internal Audit report be added to its Committee Agenda Plan, specifically for the Committee's June 2020 meeting.**

Closing Remarks [Oral Report]

The Chair, on behalf of the Committee, thanked Nicola Wright, Associate Partner, EY, who was due to leave EY, for her contribution to the work of the Committee.