



AUDIT COMMITTEE

23 May 2022 - 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), J Hudson, P Judge, S Pelham
Observer: S Liu
Apologies: A Corfield, S McNair (PwC), A Rice-Thomson
Secretary: G Bailes, R Elliott (Assistant Secretary)
In attendance: P Charnock (PwC), Prof G Marston [AC21/70], D Monnery, [from AC21/61], S Newitt, E Pritchard [AC21/70], C Stogden, R Wicks [AC21/71], C Partridge (KPMG), Prof T Lawson, S Corbett

1.	<p><u>Introduction</u> <u>Vice-Chancellor's Horizon Scanning</u> [Oral Report] The Interim Vice-Chancellor and Chief Executive reported on sector wide matters and the implications of these for the University. Key developments included the very positive REF results, developments to Access and Participation planning, the University's response to the lifelong loan entitlement consultation and HE-related elements of the Queen's speech. The Committee noted the report and commended the University on the REF results. The Committee noted that the potential risks arising from the Government's reform programme had already been included in the Strategic Risk Register.</p>
2.	<p><u>Board and Committee Responsibilities</u> <u>Evaluation of Committee Effectiveness</u> [AC21/61] The Committee considered the Evaluation of Committee Effectiveness for 2021/22. There had been a response rate of 69% and the majority of responses were positive. The Committee commended the relationship with both external and internal auditors and requested that external benchmarking was explored.</p> <p><u>Committee Terms of Reference for 2022/23</u> [AC21/62] The Committee confirmed its Terms of Reference for 2022/23 and agreed that the November 2022 meeting would be held in person and the others online but that this could be revisited on a meeting by meeting basis.</p>
2.	<p><u>External Audit</u> <u>External Audit Plan</u> [AC21/63] The Committee considered the 2021/22 year-end audit plan of KPMG, the University's external auditors. Status meetings would be held in July and October and there were no specific concerns at the moment, however, the valuation of pensions was a significant risk area. The Committee noted the report and that the University was in a relatively good position for risk relative to the wider sector and requested that updates regarding the pensions position were provided as early as possible.</p> <p><u>London Campus Summary</u> [AC21/64] The Committee considered proposed improvements to support the successful financial management and reporting of Northumbria London Campus. Whilst financial risk was limited there were reputational and governance risks which had been highlighted in the 2020/21 external audit and additional controls and assurances had been recommended. Given the previous years' issues it would be valuable to obtain internal audit assurances over year end processes and this was under discussion with QAHE. The Committee noted the reports and that the overall relationship with QAHE was good, that the previous reporting problems had been resolved and additional resources had been allocated within the Finance team to enable better monitoring and support. A detailed plan for the year end audit would be reported to the Committee at its 19 September meeting.</p>

<p>3.</p>	<p><u>Internal Audit 2021/22</u> <u>Outstanding Audit Actions [AC21/65]</u> The Committee considered progress in the implementation of previously agreed audit actions. Of the 32 actions, sixteen were not yet falling due for implementation, fourteen were reported as fully implemented and two were reported as overdue against their agreed implementation dates. The Committee approved the requested extension for Business Continuity, and suggested a later deadline for Information Security.</p> <p><u>Internal Audit Progress Report 2021/22 [AC21/66]</u> The Committee considered progress on the implementation of the 2021/22 Internal Audit Plan which was on track. Planned reviews were in progress with good engagement from management. The timing and scope of the HR/Payroll audit was being reviewed in context of the ERP implementation programme and the time allocated to the Estates Master Plan has been re-allocated to the ERP review. The Committee noted the report.</p> <p><u>Core Financial Controls [AC21/67]</u> The Committee considered the Core Financial Controls internal audit report which was satisfactory overall. The Committee was pleased to note the report as it demonstrated that continued effective controls were in place.</p> <p><u>Draft Internal Audit Plan 2022/23 [AC21/68]</u> The Committee considered the draft Internal Audit Plan which was shaped by sector risks, PwC’s national benchmarking, assessments by the local audit team and discussions with University management. The Committee noted the report and that Cyber Security required specialist input and would be addressed by the PwC Cyber Security audit team, and suggested that the plan be revisited to include further work on Student Experience depending on the outcome of the Student Feedback audit.</p>
<p>4.</p>	<p><u>Policy, Risk and Assurance</u> <u>Strategic Risk Register [AC21/69]</u> The Committee considered the proposed revisions to the University Strategic Risk Register as part of a revised approach to risk management following an internal audit. New risks had been identified, those that were no longer applicable had been removed and additional actions had been identified where the controls in place did not significantly mitigate identified risks. Research risks would be reviewed in light of the recent REF results and implementation dates for individual control actions would be finalised. The Committee noted the report, that a final version would be brought to the 19 September meeting for endorsement prior to submission to Board of Governors, and that work to embed risk management within the University so that it became a useful management tool was in progress.</p> <p><u>Health, Safety and Wellbeing Report Q3 2021/22 [AC21/70]</u> The Committee considered the Health, Safety and Wellbeing Report February – April 2022 which confirmed that all covid restrictions had been lifted but that that University had adopted the recommendations to self-isolate following a positive test. The University had maintained its RoSPA Gold award and achieved second place in the RoSPA competitive Education and Training sector category. Mandatory training completion rates had fallen; this was being addressed with University Executive. The Committee noted the report and commended the awards.</p> <p><u>Business Continuity Implementation Plan [AC21/71]</u> The Committee considered the Business Continuity Implementation Plan and Policy; the University Business Continuity Plan (BCP) had been drafted and would be reviewed in November 2022 after the Faculty and Service local BCPs had been developed. A review of critical incident management had started. The Committee noted that there were now business continuity champions in most areas and endorsed the Business Continuity Plan and Policy for submission to Board of Governors.</p> <p><u>Cyber Insurance and Security [AC21/72]</u> The Committee considered the Cyber Insurance and Security report which noted that the University’s cyber insurance had expired in April and it had not been possible to renew as the market was reluctant to insure higher education providers. This would be monitored and a self-insurance approach was now in place. Additional IT security controls were generally required by the market and multi-factor authentication for all students and partnering with an IT security specialist firm would be in place for September 2022. The Committee noted the report, that the claim from August 2020 had not yet been settled and the whilst</p>

the Reserves Policy did not cover cyber insurance specifically reserves were sufficient to support the approach.

Reportable Incidents Summary [AC21/73] CONFIDENTIAL AND LEGALLY PRIVILEGED

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

Scheme of Delegated Authority [AC21/74]

The Committee considered the updated Scheme of Delegated Authority (SoDa) which was the final stage of the suite of the suite of updated governance documents and summarised how the authority of the Board of Governors was delegated. **The Committee endorsed the report subject to suggested additional delegations and requested that its own formal delegations be adjusted to reflect its role in providing assurance to the Board of Governors.**

Georgina Bailes,
Secretary to Audit Committee,
May 2022