

CONFIRMED SUMMARY MINUTES

Confidential Minutes of the meeting of the Audit Committee held on Monday 13 November 2023 at 1015 hours in Room 209, Sutherland Building and via Microsoft Teams (including videolink). The meeting was preceded by a closed meeting with Committee members and the representatives of internal and external audit.

Present: J Bromiley (Chair), A Corfield, J Hudson, P Judge, S Pelham [Absent AC23/23 – AC23/26], H Thorne
 Secretary: G Bailes, R Elliott (Assistant Secretary)
 In attendance: J Blewett (KPMG), D Chamberlain (KPMG), Dr S Corbett, D Jackson [AC23/26], Prof T Lawson, Prof A Long, Prof G Marston [AC23/26-AC23/29, AC23/33-AC23/34], S McNair (PwC) [from AC23/22], D Monnery, S Newitt, A Poole [AC23/27], C Stogden, A Sahota (PwC), 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. The University had been awarded funding for a UKRI Centre for Doctoral Training in Artificial Intelligence and the Access and Participation Plan had been accepted by the OfS. The demolition of Lovaine Hall had started and following extensive surveys of the University Estate no issues with RAAC had been found. The Committee noted the update.</p>
2.	<p><u>External Audit</u> <u>External Audit Report 2022/23</u> [AC23/22] The Committee considered the draft audit report of KPMG, the University’s External Auditors, on the 2022/23 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, and no issues had been identified from the testing completed on the valuation of the LGPS pension scheme. The Committee noted the report, that there had been continuing improvements in information flows with London Campus, and the work was materially complete. The Committee requested clarification of some recommendations.</p> <p><u>Annual Report and Financial Statements 2022/23</u> [AC23/23] The Committee considered the University’s 2022/23 Annual Report and Financial Statements, from a compliance aspect, the performance aspect had been considered by Employment and Finance Committee on 2 November. Performance in 2022/23 was positive overall with a strong cash position and the majority of targets met; the external audit report (see above) confirmed compliance. The Committee endorsed the 2022/23 Annual Report and Financial Statements including the use of the going concern basis of accounting for submission to Board of Governors on 27 November along with the final versions of KPMG’s report and the Management Representation Letter.</p>
3.	<p><u>Internal Audit</u> <u>Outstanding Audit Actions</u> [AC23/24] The Committee considered progress in the implementation of previously agreed audit actions. Of the 46 actions, 15 were not yet falling due for implementation, 25 were reported as fully implemented and six were reported as overdue against their agreed implementation dates. The Committee noted that the report would be revised to provide additional information on not yet due high risk actions and approved the requested extensions.</p>

Update on progress on Information Security Action [Oral Report]

The Committee noted progress on the Information Security action and requested a paper setting out the position and a recommendation for approval on how the action would be managed going forward at the next meeting.

Internal Audit Progress Report [AC23/25]

The Committee considered progress on the implementation of the 2022/23 and 2023/24 Internal Audit plans since 18 September; two final reports had been issued and two reports which were in the process of being finalised with the management teams for 2022/23 remained outstanding and would now be reported at the next Committee meeting. **The Committee noted the report, that the fieldwork had been completed for the outstanding reviews and the findings did not affect the opinion in the Annual report (see AC23/28 below), that the reports would now be treated as part of the 2023/24 programme, and requested that a plan would be agreed to ensure that the full audit plan for 2023/24 would be completed on time and any variation reported urgently to the Committee.**

NMC Competence Centre [AC23/26]

The Committee considered the NMC Competence Centre internal audit report which had been rated as high risk overall with one high risk recommendation, one medium risk and three low risk. **The Committee noted that the report had been requested due to the recent ‘at-speed’ launch and expansion of the OCSE provision, that management agreed with the recommendations, several of which had been addressed during the audit, and that all outstanding actions were on target to be completed by the stated deadlines. The Committee requested a progress update before the next meeting.**

Research Awards Pipeline Forecasting [AC23/27]

The Committee considered the Research Awards Pipeline Forecasting internal audit report which was rated as medium risk overall with two medium risk and one low risk recommendations. **The Committee noted the report, that the assumptions used were under review and that the new methodology would be fully documented with a periodic review of introduced as part of the management action plan.**

Internal Audit Annual Report and Opinion 2022/23 [AC22/28]

The Committee considered the Internal Audit Annual Report and Opinion. All but two 2022/23 audits had been completed (see AC23/25) with eight reviews been carried out. The overall opinion was that “reasonable assurance/moderate assurance” had been gained, there were no critical recommendations and the overall recommendations were on par with previous years. **The Committee noted the report and that the opinion given to Northumbria University was consistent with the rest of the sector and the most common level for large complex organisations. It requested that the outstanding reports be moved to the 2023/24 programme to enable finalisation of the Annual Audit Committee Report noting that it had been confirmed that this would not change the opinion of the Annual Report and Opinion.**

4. **Policy, Risk and Assurance**

Strategic Risk Report [AC23/29]

The Committee noted the Strategic Risk Report and changes to the Strategic Risk Register, welcoming that the report was dynamic with risk scores changing to reflect the current situation, demonstrating that risk management had become more embedded in the organisation. The Committee requested that the report was updated to include the additional actions identified to mitigate risks.

Risk Appetite Statement [AC23/30]

The Committee considered the revised Risk Appetite statement following consideration by University Executive. Additional risk descriptors and categories had been added following feedback from the Committee and the risk appetite ratings had been increased from 3 to 5 allowing for more nuanced consideration of the risks involved within each category. **The Committee noted the report and welcomed the revisions, providing feedback on how the statement could be further improved, noting that discussions on how to embed the Risk Appetite Statement in University decision making and the implementation of the new University Strategy were underway. The Committee endorsed the Risk Appetite Statement for consideration by Board of Governors on 27 November.**

Safeguarding and Prevent Annual Report 2022/23 [AC23/31]

The Committee considered the Safeguarding and Prevent annual report for 2022/23. Prevent referrals were consistent with previous years and the Prevent and Safeguarding Steering Group regularly reviewed the information available in order to make improvements to the relevant services and address any patterns and of concerns. All staff would now receive some elements of Prevent training as part of the wider safeguarding training, with more detailed training provided to those identified as key staff. **The Committee noted the report, that regional and national Prevent updates were received and communicated to the relevant services and teams, and requested more information on the mandatory training completion rates of key staff. The Committee endorsed the Safeguarding and Prevent Annual Report for submission to Board of Governors on 27 November subject to some minor amendments.**

Annual Committee Annual Report 2022/23 [AC23/32]

The Committee considered the Audit Committee Annual Report for 2022/23 which had been revised following recommendations by Committee at the meeting held on 18 September. **The Committee approved the report for submission to Board of Governors subject to minor amendments and final approval by Chair's action.**

Health and Safety Report Q1 2023/24 [AC23/33]

The Committee considered the Health and Safety Q1 2023/24 report which was an interim report covering two months of Q1 to enable the report to meet the Committee circulation dates; the final month would be included in the next report. **The Committee noted the report.**

Health and Safety Policy and Operating Arrangements Annual Review [AC23/34]

The Committee considered revisions to the Health and Safety Policy and Operating Arrangement as part of its annual review. There had been no significant changes since the previous full review two years prior. **The Committee noted the update and that the Policy and Operating Arrangements were reviewed annually and a fully in depth review would be done every five years, however, it was anticipated that any significant changes would be actioned during the annual reviews. The Committee suggested that additional context be included in relation to FPVC responsibilities, commended the presentation of the Policy in an accessible and reader friendly format and endorsed the Health and Safety Policy and Operating Arrangements for consideration by Board of Governors on 27 November subject to minor changes.**

Annual Value for Money Report [AC23/35]

The Committee considered the University internal Value for Money (VfM) report for 2022/23, as part of the supporting documentation for the Audit Committee's Annual Report (AC23/32). The report aligned with OfS' approach to VfM, and continuing the pattern of previous years, the report provided a more qualitative assessment of the University's VfM performance than was done within the old the Annual Efficiency Return, which was heavily weighted to procurement-based quantitative data. The report now focused on areas such as student experience and also included specific areas previously raised by the Committee. **The Committee noted the report, noting that due to the timing of the report there were some minor inconsistencies between it and the ARFS and requested that the report for 2023/24 was reviewed to confirm alignment with other reported VfM information.**

TRAC Approach [AC23/36]

The Committee considered how the 2022/23 TRAC return complied with the OfS guidance following consideration by the TRAC Steering Group. The approach had been revised in relation to queries received from OfS on the 2021/22 TRAC. **The Committee requested confirmation that the changes in the timings of Committee review resulting in retrospective approval of the TRAC Return was compliant with OfS regulations and approved the TRAC approach for 2022/23.**

TRAC Benchmarking 2021/22 [AC23/37]

The Committee considered the analysis of the benchmarking data related to the 2021/22 TRAC return. The University recovered more of the full economic cost (FEC) than the sector in relation to publicly funded teaching and less on non-publicly funded teaching, research and other activities and it was recommended that a review of the University Estate space usage was undertaken. **The Committee noted the report.**

Revised Financial Regulations [AC23/38]

The Committee considered the proposed revised Financial Regulations which had been reviewed but not endorsed by Employment and Finance Committee on 6 November. The Committee was asked to review

from a control environment perspective and an analysis of changes from the previous version to the revised version of the regulation, and their intended impact, would be included at the request of the Employment and Finance Committee. **The Committee noted the update and the revised Regulations and that they would be brought back to the next meeting of the Committee following further consideration by Employment and Finance Committee. The Committee requested a detailed walk through of the changes including the approach that had been taken to the review process and any available benchmarking that had been taken into account.**

Reportable Incidents Summary [AC23/39]

The Committee noted that there were no regulatory reportable incidents to report.

Georgina Bailes,
Secretary to Audit Committee,
November 2023