

AUDIT COMMITTEE

16 September 2024 via Microsoft Teams

CONFIRMED SUMMARY MINUTES

Contact Georgina Bailes georgina.bailes@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: H Thorne (Chair), A Fellows, S Haagensen, J Hudson; P Judge, I Wilkin
Apologies: None
Secretary: G Bailes, R Elliott and B Lenney (Assistant Secretary)
In attendance: H Bower [AC24/04], Prof L Bracken [AC24/18], Dr G Brown [AC24/08-13], Dr S Corbett [AC24/09], J Embley [AC24/03-04], Prof T Lawson, Prof A Long, P MacDonald, Prof G Marston [AC24/16], L Mayfield, S McNair (PwC), A Robinson [To AC24/07], G Tideswell [AC24/16], C Stogden, A Sahota (PWC), Ja Taylor, Je Taylor [AC24/18], M Wilkie (KPMG), Prof G Wynn [AC24/04]

MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING

1.	<p><u>Introduction</u> <u>Chair's Introduction</u> The Chair welcomed Sophie Haagensen, Leon Mayfield, the new Chief Financial Officer, and Beth Lenney to their first meeting of the Committee.</p> <p>The Chair thanked Phil MacDonald for his support to the Committee during his time as Interim Chief Financial Officer.</p> <p><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 OFS had introduced a new condition of registration- E6 Harassment and Sexual Misconduct – with effect from August 2025 and work to prepare for this new condition was underway with consultation with the Students' Union. As part of the new condition of registration the use of non-disclosure agreements (NDAs) was banned where they cover allegations of harassment or sexual misconduct with effect from the start of this academic year. The Government had announced that the implementation of the new Freedom of Speech Act had been paused while potential repeal and other options were considered, during this period the existing Freedom of Speech duty remained in place. The University had improved two places to 34th in the Complete University Guide and by one place in the Daily Mail overall league table and it was expected that Research University of the Year would be retained. The Guardian League Table ranking had stayed at 38. NSS results had improved across all areas. The Committee noted the update and commended the University's performance in the league tables.</p>
2.	<p><u>External Audit 2023/24</u> <u>External Audit Report 2023/24 Update</u> [Oral Report] The Committee noted feedback from KPMG, the University's External Auditors, on planning and early progress for the 2023/24 External Audit, noting that no concerns had been identified.</p> <p><u>Key Accounting Judgements and Areas of Audit Focus</u> [AC24/01]</p>

The Committee endorsed the critical accounting judgements and estimates disclosure within the Annual Report and Financial Statements for the year ending 31 July 2024 for submission to Board of Governors as part of the Annual Report and Financial Statements.

3. **Internal Audit Plan**

Internal Audit Progress Report and Follow -up [AC24/02]

The Committee considered progress on the implementation of the Internal Audit plan and follow-up 2023/24. The final five reports had now been issued and two scoping meetings for the 2024/25 programme had taken place. **The Committee noted the report and the requested extensions to actions as part of the follow-up.**

Recruitment (HR) Internal Audit Follow-up [AC24/03]

The Committee considered the Recruitment (HR) internal audit follow-up report. At the time of the internal audit it had not been possible without access to the underlying system to identify who had approved a job requisition within NUPF. The Committee had requested additional work to verify that it was possible to identify approvers. The additional reporting functionality had been made available in NUPF to address this issue and it was now possible to identify the role and name of all approvers. **The Committee noted the report and confirmed that this provided the required assurance that the issues identified during the audit had been addressed.**

Payroll Internal Audit Report [AC24/04]

The Committee considered the Payroll Internal Audit report which was rated as low risk overall and one recommendation and action relating to exception reports had been completed during the audit. **The Committee asked whether the reconciliation between the general ledger and payroll had been implemented in the new system, it was reported that the issues with automated posting of payroll had now been resolved and would be implemented for the September payroll, an update would be provided to the Committee at the next meeting.**

Competition and Markets Authority Internal Audit Report [AC24/05]

The Committee considered the Competition and Markets Authority (CMA) internal audit report which was rated as high risk overall and had been requested following the introduction of new CMA guidance for Higher Education and the transition of ultimate accountability for CMA from the Chief Marketing Officer to the Academic Registrar and Director of SLAS, acknowledging that CMA compliance was a collective University responsibility. **The Committee noted that the report had not highlighted any areas of concern in relation to breaches, requested management consider bringing forward from 31 July 2025 the deadline for the executive to discuss and agree the level of risk the University was prepared to accept in this area and that the Strategic Risk Register was reviewed to ensure that risks relating to compliance with CMA requirements were adequately captured.**

Core Financial Controls (P2P) Internal Audit Report [AC24/06]

The Committee noted the Core financial Controls internal audit report which had been requested as part of the transition to NUPF and had been rated as low risk overall, and commended the low rating of both audits relating to the transition to NUPF.

Transparent Approach to Costing (TRAC) Internal Audit Report [AC24/07]

The Committee noted the TRAC internal audit report which related to the 2022/23 submission and was rated as low risk overall.

International Student Experiences and Outcomes Internal Audit Report [AC24/08]

The Committee considered the International Student Experiences and Outcomes internal audit report which was rated as medium risk overall; the implementation of the student delivery action plan which included a specific stream on international students would address the majority of recommendations. **The Committee noted the report, noting that following the last PTES survey a number of improvements had been implemented and further improvements would continue to be made including the roll out of the new programme framework to all programmes.**

Outstanding Audit Actions [AC24/09]

The Committee considered the progress on the implementation of previously agreed audit actions. Of the 22 actions, 18 were reported as fully implemented. **The Committee approved the requested extensions to the four actions from the Programme and Project Management audit and requested that a closure**

report including summary of the governance framework implemented be presented at the February Committee meeting.

Internal Audit Annual Report and Opinion 2022/23 [AC24/10]

The Committee considered the Internal Audit Annual Report and Opinion. The two delayed 2022/23 reviews, UKVI Compliance and Information Security had been included in this annual report along with the eight reviews carried out in the 2023/24 programme. The overall opinion was that “reasonable assurance/moderate assurance” had been gained, there were no critical recommendations and the overall recommendations were consistent with previous years. **The Committee noted the report and that the final report would be brought to the Committee at its 18 November 2024 meeting for approval though it was not expected to change.**

Internal Audit Plan 2024/25 [AC24/11]

The Committee noted the final Internal Audit Plan for 2024/25, that it covered all required areas and approved the final Internal Audit Plan for 2024/25.

4. Policy, Risk and Assurance

Regulatory Reportable Incidents Summary [AC24/12-13]

The Committee noted an update on the findings of the PWC audit of QAHE, welcomed the transparency and openness from QA throughout the incident and confirmed that the incident was now closed.

Strategic Risk Report [AC24/14]

The Committee noted the Strategic Risk Report and welcomed the clarity of the report and the RAG rating of proximity scores. The Committee sought assurance that there was a management focus on the controls in those areas where there was the largest difference between inherent and residual risk scores, suggested some amendments and endorsed the Strategic Risk Report for submission to Board of Governors on 7 October.

Scheme of Delegated Authority [AC24/15]

The Committee considered the updated Scheme of Delegated Authority and noted that while the VC was the delegated approver for Strategic Delivery Plans, Board of Governors remained the approver of the overall Strategic Plan (the University Strategy), that Expenditure and Income approval thresholds were outlined in the Financial Regulations and requested that the Approving Authority for the Internal Audit Plan was reviewed to ensure the wording reflects the correct ownership of the plan. The Committee endorsed the updated Scheme of Delegated Authority for submission to Board of Governors on 7 October 2024 subject to the requested amendment.

Health and Safety Report Q4 2023/24 and Annual Summary [AC24/16]

The Committee considered the Health and Safety Q4 (May – July 2024) report and the Annual Summary 2023/24. There had been one RIDDOR reportable incident which had been reported to the HSE, no response had been received however the incident had been investigated internally and remedial actions had been taken. During 2023/24 there had been an improvement in mandatory training completion rates and all actions identified in the Health and Safety internal audit report had been completed. The Committee noted the report and welcomed Gary Tideswell to his first meeting of the Committee. **The Committee noted that all buildings in scope of the new regulations in relation to tall buildings had been reported to the regulator and the next step was for a safety case for each building to also be reported, that the replacement of the Trinity building cladding was expected to be completed during 2025 and that the RIDDOR incident had been caused by poor storage practices at a local level which had been rectified.**

Insurance Coverage Report [AC24/17]

The Committee noted the Insurance Coverage report and thanked the Insurance Manager, for her work in ensuring the University insurance cover was appropriate and good value.

Funding Assurance Report [AC24/18]

The Committee considered the UKRI Funding Assurance Report and the University’s response. The UKRI audited the University periodically to ensure that funds received were spent appropriately and the rating of Limited Assurance compared to a rating of Moderate Assurance resulting from the previous assignment in

December 2019. While some areas for improvement had been identified there were no material concerns raised and actions had already been taken to address the recommendations and support a return to the Moderate Assurance rating. **The Committee noted the report and requested that future reports be brought to Committee when received with the Management action plan following when developed.**

Draft Audit Committee Annual Report 2023/24 [AC24/19]

The Committee noted the draft Audit Committee Annual Report for 2023/24 noting that the Committee was required to provide assurance on the quality of the data submitted to regulatory bodies in its annual report. This information would be included in the new Annual Regulatory Compliance Report for consideration at the November meeting; the Committee approved the proposed approach to the development and finalisation of the report.

Georgina Bailes,
Secretary to Audit Committee,
September 2024