NORWICH UNIVERSITY OF THE ARTS

Minutes of Audit Committee meeting held in FH201 Conference Room, Francis House, Norwich on Friday 17 June 2022, commencing at 14.00.

Present
Mr T Wilson (Chair) – to Item 7
Ms C Bray
Mr T Wood

In attendance
Mr N Ackroyd, External Auditor, KPMG (to Item 5)
Ms A Beckett, Pro Vice-Chancellor (Student Experience) and Academic Registrar, NUA
Mr S Belderbos, Director of Finance and Planning, NUA
Ms L Cox, Client Manager, Scrutton Bland (to Item 12)
Mr M Dawson, External Auditor, KPMG (Presentation only)
Mr M Humphrys, Information Technology Services Manager, NUA (to Item 5.4)
Mr P Goddard, Head of Internal Audit, Scrutton Bland (to Item 12)
Ms E Larcombe, External Auditor, KPMG (to Item 12)
Mr J Smeeth, Chief Operating Officer, NUA
Mr D Williams, Clerk

Apologies
Mr C Owen

PRESENTATION
Mr Mark Dawson, the director at KPMG with responsibility for the provision of audit and assurance services to the education sector, gave a presentation on recent developments impacting the higher education sector. A wide range of topics was covered, including risk management benchmarking, pensions, information technology security and reporting on environmental, social and governance (ESG).

The Chair noted the presentation would assist the Committee in deciding the areas it should focus its work on. The Chair suggested extracts from the slides should be included in the papers circulated for the next meeting of Council (with the full pack available for members of Council if they wish).

Clerk

The Chair thanked Mr Dawson for his presentation.

Mr Dawson left the meeting.

1. **MINUTES OF THE PREVIOUS MEETING**
    The Minutes of the Audit Committee meeting held on 18 February 2022 were agreed and signed by the Chair.

2. **MATTERS ARISING FROM THE MINUTES**
    Following the meeting Chair had discussed the following items:
    Item 7.0 Future meetings. When the matters to be discussed justified meeting in person, a face-to-face meeting would be held (this being the preferred method). At other time meetings could be virtual. Virtual meetings assisted attendance, for, in particular, those members of the Committee who were travelling a considerable distance to attend meetings. The joint meeting with Finance Committee is to be face-to-face.
    Item 7.0 Audit tender. An update would be provided later in the meeting.

3.   **QUALITY AND COMPLIANCE**
      3.1. Course Approval and Periodic Review 2021/22
      The Committee received the annual report on course approval and periodic review.

      Since the report had been prepared, the external event to approve the BSc Creative Computing and DipHE in Creative Computing had been held. Subject to meeting a number of conditions, both courses had been approved.

      The processes leading to the approval of new courses was outlined. In addition to members drawn from the staff of the University, the membership of an external panel consisted of an academic with expertise in the field drawn from outside the University and a representative of industry.

      The assurance of academic quality was discussed, and the Committee explored the application of root cause analysis. The work of the University's Learning, Teaching and Quality Committee and the Annual Course Monitoring process were important components of the internal process. These provided dual assurance.

      An invitation was extended to members of the Committee to attend a future external course validation event to observe the process in operation.

                                                                                                Governors

      3.2. Update on External Accreditation
      The Committee received an update on the external accreditation of courses. There were no major changes to report.

      The report was noted.

      3.3. GDPR & Cyber Security
      The Committee received an update on progress on actions relating to General Data Protection Regulation (GDPR) and cyber security.

      The challenge of developing meaningful key performance indicators for GDPR was noted.

      The high number of staff who had not completed their refresher training was of significant concern to the Committee. The University was addressing the matter as a priority.

      The report was noted as was the correlation of issues with the findings of the internal audit report in this regard (see below).

4.   **EXTERNAL AUDIT**
      4.1. KPMG External Audit Plan 2021/22
      The external auditor introduced the external audit plan and strategy 2021/22. The Committee's attention was drawn to the changes in the external auditor's assessment of the risks facing the University. These had been, in part, informed by the external auditor's work in the previous year. Reflecting their assessment of the risks, the external auditor's had selected specific areas to which it would give particular attention and raised the threshold for materiality.

      The Committed noted the External Audit Plan and Strategy 2021/22.

      Mr N Ackroyd left the meeting.

5. **INTERNAL AUDIT**
   5.1. Internal Audit Progress Report
   The Committee received the Internal Auditor's progress report. The Internal Auditor confirmed that they had completed the agreed programme of work for 2021/22.

   The Internal Auditor's recent assessment of GDPR had only recently been completed. The Internal Auditor was able to inform the Committee that their assessment had resulted in a "green" opinion. The Internal Auditor's report would come to the Committee's next meeting.

   5.2 Final Report – UKVI Compliance Arrangements
   Given the 'Limited Assurance' opinion attaching to it, this report was given extended consideration by the Committee. The Internal Auditor introduced their report. The Internal Auditor had assessed the University's compliance with the UK Visa and Immigration (UKVI) requirements for skilled workers and students as limited. The high and medium risks identified were discussed in detail.

   Following receipt of the outcomes to the internal audit, the University had undertaken a review of its systems and procedures, and checked its records over the previous two years to confirm that there had been no other breaches in its compliance with UKVI regulations. The University had also informed UKVI of the breach identified by the Internal Auditor. Given the University's strong record of compliance, UKVI was satisfied with the University's response and would take no further action.

   The reasons for the failure of the internal checks were discussed. Although appropriate processes had been in place to prevent the issue which had been identified, the implementation of checks had been poor. As a result the design of the controls to the University's process and their implementation had been modified.

   The University was happy to share with the Committee at its next meeting the detailed action plan it had drawn up in response to the Internal Auditor's report. The Committee agreed that this would be appreciated and that given its significance an interim update may be appropriate.

   Pro Vice-Chancellor (Student Experience) and Academic Registrar

   The scope and level of the information provided to the Committee, setting-out the University's response to the matters raised by Internal Audit was discussed. In those situations where there were issues which related to work of individual members of staff, care would need to be exercised in sharing the actions of management (i.e. to avoid named staff references given wider circulation of papers).

   Allowing time for the new process and controls to become embedded, it was suggested that a review by internal audit of the revised design of UKVI processes and controls be undertaken in early 22/23 to be followed up by a re-assessment of their operating effectiveness once they had been in place for a reasonable length of time

   Director of Finance and Planning

   5.3 Final Report – Cyber Security
   Following their review of Cyber Security the Internal Auditor had issued an opinion of limited assurance. In this context extended consideration was also given to this matter by the

Committee. The Internal Auditor highlighted the key concerns that had been identified. The University acknowledged the weaknesses cited in the internal audit report.

Whilst the University had met the requirements of Cyber Essentials, developed by National Cyber Security Centre, two years ago, it was currently not able to meet the required threshold. This was due to a combination of factors. Covid-19 had, for example, led to an unforeseen demand for off-site working coupled at the time with supply-side problems limiting the purchase of new equipment. The increased demand for IT equipment could only be met by recommissioning computers, which had been stored pending scrapping. The recommissioning of the equipment had increased the security risk.

While actions to address some of the issues identified had been implemented quickly, additional investment in staff and equipment would likely be required to fully satisfy the concerns raised by the Internal Auditors.

An interim update on the responses made by the University would be shared with the Committee at an early opportunity. This would include a root cause analysis.

Chief Operating Officer

A detailed plan for the University's IT infrastructure and services would be developed to fully address all of the matters raised by the Internal Auditors.

Chief Operating Officer

The Chair thanked Mr Humphrys for being candid with the Committee.

Mr Humphrys left the meeting.

5.4 Report – Follow up
The Internal Auditor had concluded that the University had made good progress in implementing the agreed management actions. No agreed actions were outstanding.

The report was noted.

5.5 Internal Audit Assurance Strategy and Audit Plan 2022/23
An earlier draft of the Audit plan had been reviewed by the Committee at its spring meeting, and the current draft was now being placed before the Committee for approval.

It was noted that the Committee is mindful of the need not to manage the plan by primary reference to daily cost but that it is nonetheless important to be mindful of the impact on the workloads of those staff of the University who worked with the internal auditors.

Following receipt of the audit on Cyber Security it was agreed that it will be necessary to keep this matter in view alongside the University's development of a detailed response plan. The timing and nature of such work will be determined as the University works through the process of remediation.

There was also merit in reviewing the strategic planning in 2023/24. This would enable a timelier assessment of the development and implementation of the strategic plan.

Further consideration of UKVI compliance will be included in the plan for 2023/24. In 2022/23 there will be follow-up on the changes being made to processes (as noted above).

With the above points noted the Committee approved the audit plan for 2022/23.

6. **RISK MANAGEMENT**

   6.1 Internal Audit Final Report – Governance and Risk Management

   As a prelude to examining the risk register, the Internal Auditor was invited to share their assessment of the University's risk management. The Internal Auditor had issued a "green" opinion.

   Opportunities to enhance the value of the risk register had been suggested by the Internal Auditor. These included placing the register higher-up on the agenda at the Committee's meetings, and giving consideration to receiving the register at each meeting of the Committee. The Internal Auditor also offered suggestions for enhancing the University's Risk Management Framework.

   The University had already started to consider how the risk register could be enhanced, by, for example, the use of visual and more dynamic data. The University would give the matter further consideration, and report back to the Committee.

   Chief Operating Officer

   6.2. Significant Risks List

   There were no significant changes to the Significant Risk List.

   A number of the risks, including financial sustainability and the recruitment of staff, were discussed.

   The retention of staff was a high priority. Staff engagement and participation in, for example, in developing the strategic plan and University development days had been welcomed by staff.

   The Significant Risk List was noted.

   6.3. SLT Annual Risk Management Report

   The Committee received the annual review of the University's policy and processes for identifying and managing risk. The report confirmed that the full risk management review and recording process had been undertaken for the year.

   Mr Wilson left the meeting and Mr Woods took the Chair.

7. **HEALTH AND SAFETY**

   7.1. Health and Safety Annual Report

   The Committee received the Health and Safety Annual Report. There were no significant issues to note. The Committee explored whether the low level of incidents reported was due to under-reporting, and if individuals knew how to report incidents. The University was confident that the level of reporting was an accurate reflection of the actual number of incidents.

   The University was currently considering whether there was merit in establishing a Health and Safety Committee.

   The report was noted.

8. **INTERNAL CONTROLS**
    8.1. List of Donations Received April 2020 – May 2021
    Donations received during the period include a further element of the bequest from Karl Schubert.

    The list of donations was noted.

9. **GOVERNOR MATTERS**
    9.1. Governors' expenses
    The expenses claimed by governors for the period April 2021 – May 2022 were noted**.**

10. **ANY OTHER BUSINESS**
    There was no other matters of business.

11. **DATE AND TIME OF NEXT MEETING**
    The next meeting of the Audit Committee would take place on Monday 31 October 2022 at 11.30 followed by a joint meeting of the Audit and Finance and Resources Committees commencing at 13.00.

    The external and internal auditors left the meeting.

12. **AUDIT RE-TENDER**
    The Director of Finance and Planning updated the Committee on the appointment of the University's external auditors from 2022/23. Five firms were expected to tender for the work. Tenders were due to be received by the end of June 2022. Following their assessment, selected firms would be invited to make a presentation to the University's appointment panel in July 2022. A recommendation on the appointment of a preferred provider would be made following the presentations.

    The meeting was closed.