

NORWICH UNIVERSITY OF THE ARTS

Minutes of Audit Committee

Held on 31 October 2022 in the Boardroom, Cavendish House, Norwich, and commencing at 14.00

Present

Mr T Wilson (Chair)
Ms C Bray
Mr C Owen (from Item 2.1)
Mr T Wood (by video link)

Mr P Goddard, Head of Internal Audit, Scrutton Bland
Ms E Larcombe, KPMG, External Auditor
Prof. S Ofield-Kerr, Vice Chancellor (leaving before item 10)
Mr J Smeeth, Chief Operating Officer, NUA (leaving before item 10)
Mr D Williams, Clerk

In attendance

Mr N Ackroyd, KPMG, External Auditor
Ms A Beckett, Pro Vice-Chancellor (Student Experience) and Academic Registrar, NUA (leaving before item 10)
Mr S Belderbos, Director of Finance and Planning, NUA (leaving before item 10)

Apologies

None

WELCOME

The Chair welcomed the external and internal auditors to the meeting.

APPOINTMENT OF VICE CHAIR

Mr T Wood was appointed to the position of Vice Chair.

TERMS OF REFERENCE

The Committee noted that the terms of reference.

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Audit Committee held on 17 June 2022 were agreed.

MATTERS ARISING FROM THE MINUTES

Item 3.1 The invitation for governors to attend an external course validation event remained open.

Item 5.2 and 5.3 An interim update on the actions arising from the internal auditor's reports on UKVI compliance arrangements and Cyber Security had been provided to Council at its meeting on 8 July 2022

Item 9 A draft of the proposed changes to the Significant Risks List (SRL) would be considered at the meeting.

1. QUALITY AND COMPLIANCE

1.1. Annual Summary of Complaints

The committee reviewed the annual summary of complaints. The University had received a small number of complaints during 2020-21. The number of complaints in this year was similar to the number received in the preceding year. Looking over the years there was no obvious themes to the complaints made.

The University had never been required to make a payment to a student for a complaint upheld by the Office for the Independent Adjudicator (OIA). Should such an event occur, the matter would be drawn to the attention of the committee.

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The University was confident that the low level of complaints was an accurate reflection of the views of students. The size of the University, ease of access to the officers of the Students' Union and the option of directly emailing the Vice-Chancellor, made it easy for students to raise matters of concern.

The committee duly noted the Annual Summary of Complaints.

1.2. Reportable Events

The committee noted the one Reportable Event.

1.3. GDPR update

The committee received information on progress in implementing the GDPR action plan. The Committee would receive the annual report on GDPR at its meeting in the Spring 2023.

Since the previous update the University had recruited a well-qualified and experienced Compliance Manager. The individual had previously undertaken a similar role for another public body.

The committee noted that while a number of actions were described as "completed". These would nevertheless require regular attention to ensure the required outcome remained current.

The committee noted the GDPR update.

2. INTERNAL AUDIT

2.1. Internal Audit – interim update on progress

The committee considered the actions taken by management following the internal auditor's reports on UKVI compliance arrangements and Cyber Security.

The University had appointed of a new UKVI Compliance Officer, and introduced a range of additional actions and checks to ensure its arrangements to ensure compliance were thorough and robust.

In regard to Cyber Security, the University was implementing a revised "password" policy and was in the process of introducing two-factor authentication (2FA). A number of capital bids had been approved, enabling improvements to be made to the information technology infrastructure and access to on-line training for staff. The University was also adding two additional members of staff to the IT team. JISC would conduct penetration testing.

It was noted that ensuring staff remained updated on cyber security would be an on-going challenge, and a number of ways of helping to ensure staff engaged with the required training were discussed.

A further report on Cyber Security would be made to the spring meeting of the committee.

Chief Operating Officer

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The question was raised as to whether members of the governing body should receive cyber training? It was anticipated that the planned policy on “bring your own device” would cover members of the governing body.

The committee asked whether the University would shortly be in a position to satisfy the requirements of “Cyber Essentials”?

It was agreed that Mr M Humphrys, the University’s Information Technology Services Manager, should be invited to attend the committee’s next meeting to enable further discussion of cyber security.

Chief Operating Officer

The committee noted the report.

Internal Audit Annual Report – year ended 31 July 2022

The report provided the internal auditor’s end-of-year assessment for the year to 31 July 2022. Across the four areas where the internal auditor was required to offer an opinion, three areas were judged as having strong/significant assurance and one area reasonable assurance. The internal auditors had also undertaken advisory work on risk management.

In total the internal auditors had raised 11 medium and four high risk recommendations during 2021/22. The Internal Audit Annual Report provided details of the recommendations made and included benchmarking data.

The committee discussed the bi-modal distribution to the internal auditor’s opinions from the reviews undertaken. This in part reflected a characteristic of small institutions, where given the nature of staffing base, the effectiveness of the organisation’s processes in any given area was often dependent on a one or two key individuals.

The committee determined there may be merit in management making a judgement as to the level of assurance they believe existed prior to the internal auditors carrying out a review, and comparing the two opinions after the internal auditors had completed their work.

The committee requested that an overall map of assurance (i.e. different sources and areas covered) be developed.

Chief Operating Officer

The committee received the report.

2.2. Final Report - GDPR

Following its review of GDPR, the internal auditor had given a “significant” assurance opinion. One medium recommendation relating to GDPR refresher training had been raised, together with a number of low risk recommendations. These were intended to further strengthen the current policies and practices. The external assessment of GDPR undertaken by the internal auditors had been very helpful to the University’s management team.

The report was noted.

2.3. Internal Audit – interim update on progress

Progress in response to the two internal audits on UKVI compliance arrangements and cyber security was reviewed.

Increased emphasis had been given to the role of IT team and its staffing. The team leader had been empowered and the IT team were now involved at a much earlier stage in decision-making, including those decisions relating to major capital spends. The team were also in the process of being based in a single location, rather than being dispersed.

The role of contextual information in helping staff understand the importance of undertaking cyber security training was discussed. Different approaches to encouraging the engagement of staff were shared and discussed. Note was also made of the importance of 'tone from the top' i.e. formal and informal communication with staff.

The report was noted.

3. EXTERNAL AUDIT

3.1. United States Department of Education loan programme – review of procedures by KPMG

The role of the external auditors in reviewing the US loan programme was outlined to the committee. Members of the management team at the meeting confirmed that the University had fulfilled all of the requirements detailed in the Management Letter of Representation.

The Committee noted the draft report from the external auditors and the Management Letter of Representation to Council for approval.

Chair

4. BANK COVENANTS

The University's compliance with bank covenants was noted.

5. DATA QUALITY

5.1 Student Data Quality

The timing and purposes of the two statutory student data returns made each year was outlined. For 2021/22 the divergence between the first and final return of student number data had again been minor. Based on past practice, it was unlikely that the Office of Students would clawback any of the University's teaching grant. Should a clawback of funding occur, it would affect the University grant income for 2022/23.

The committee received the report.

6. REGISTER OF INTERESTS

The Register of Interests for senior members of staff was noted.

7. AUDIT COMMITTEE ANNUAL REPORT (DRAFT)

The committee reviewed and considered a draft of its Annual Report to Council. The report provided information on the committee's work during the year, and offered assurance to Council that the committee had successfully discharged its duties.

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The committee suggested that it would helpful if more detail could be included on the two internal audit reports that offered limited assurance, and the subsequent responses by the committee and the senior leadership team.

Subject to the changes discussed, the report was approved for presentation to Council.

Chair

8. ANY OTHER BUSINESS

There were no matters of any other business.

9. RISK MANAGEMENT – SIGNIFICANT RISKS LIST

The committee received a draft of the revised significant risks list (SRL). The format and content of the SRL had been revised, and incorporated many of the suggestions arising from the advisory review of risk management undertaken by the internal auditors. The top-level risks had emerged following a detailed internal review by the University of all risks.

The revised SRL assigned numerical values to each risk, showed existing control measures, and further planned mitigating actions. These gave rise to a target risk value, which was aligned with the institution's risk appetite. The University would implement the further planned mitigating actions to achieve the target risk level.

The SRL was aligned with the University's strategy, and integrated with its operational plan. The aim was that the SRL was collectively owned. The University planned to review the SRL more frequently.

The committee endorsed the revised approach to the SRL, and believed it was an improvement over the previous approach. Further adjustments to the draft SRL would add to the approach.

It was noted that the risk appetite had last been considered by the governing body in 2014.

The internal auditors suggested that discussion of SRL might benefit from being an earlier item on the agenda of future meetings of the committee.

Clerk

To aid the further enhancement of the SRL, the Chair offered to share information with the University about the approach to risk management adopted by the Broadlands Housing Association.

Chair

The draft SRL was noted.

To allow the University's Annual Report and Financial Statements 2021/22 to be discussed, the Audit Committee's meeting was adjourned and members of the Finance and Resources Committee joined the meeting. Separate minutes record the joint meeting of Audit and Finance and Resources committees on 31 October 2022.

10. MEETING WITH EXTERNAL AND INTERNAL AUDITORS

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Members of the University's executive left the meeting and the committee met privately with the external and internal auditors.

Both the internal and external auditors confirmed a high-level of co-operation from the University in planning and executing their work. No difficulties had arisen.

The Chair thanked the external and internal auditors for their attendance and the work undertaken (particularly KPMG given that they would not be re-appointed external auditor following a competitive tender process).

11. DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would take place on Friday 17 February 2023 at 14.00.