# NORWICH UNIVERSITY OF THE ARTS

**Minutes of Audit and Risk Committee**

**Held on 30 October 2023 in the Boardroom, Cavendish House, commencing at 10.45**

**Present**

Mr T Wilson (Chair) Mr C Owen

Mr T Wood

## In attendance

Mrs A Beckett, PVC (Student Experience) and Academic Registrar

Mr S Belderbos, Director of Finance and Planning

Mr S Ofield-Kerr, Vice-Chancellor

Mr J Smeeth, Chief Operating Officer

Mr P Goddard, Internal Auditors, Scrutton Bland

Mr N Gilmore, External Auditors, H W Fisher

Mr C Rudge, External Auditors, H W Fisher

Mr J Smeeth, Chief Operating Officer, NUA

Ms A Mulcairn, Deputy Clerk

## Apologies

Ms C Bray

Ms L Cox, Internal Auditors, Scrutton Bland

# APPOINTMENT OF VICE CHAIR

The meeting appointed Tom Wood as Vice Chair of the Audit and Risk Committee.

# TERMS OF REFERENCE

The meeting noted the Terms of Reference for the Audit and Risk Committee.

# MINUTES OF PREVIOUS MEETING

One amendment was submitted to the wording in the final paragraph of Section 2 of the minutes in respect to the stated timescales

## Chief Operating Officer/Clerk

The Committee approved the minutes of the Audit Committee held on 16 June 2023

# MATTERS ARISING FROM THE MINUTES

**Item 1.1 GDPR and Cyber Security.** Items covered in this meeting.

**Item 2.3. Risk Management Policy.** Item covered in AOB and on November Council agenda to be agreed.

**Item 5.4. Follow up on Audit Recommendations**. All actions had been completed and were included in Internal Audit report.

**Item 5.5 and 5.6. Internal Audit Assurance Strategy**. Item 5.5 would carry over to the February meeting for a final report and item 5.6 was completed.

**Item 9.1. Change in committee title**. Item had been actioned and reflected in agenda.

**Matter Arising** – A full action log would be attached to meeting minutes going forward

**Clerk**

# QUALITY AND COMPLIANCE

## Annual Summary of Complaints

The Committee noted the low number of student complaints during 2022-23. It was noted that the lower number was more aligned with experience pre- pandemic and the increase in the previous two years could be directly related to the impact of the pandemic lockdowns. The Committee was reassured that the low level this year reflected positive mediation interventions made by student support services at an early stage.

The Office for the Independent Adjudicator (OIA) report was included in the papers as a regulatory requirement, however neither complaint related to the 22- 23 academic year.

A new case management system had been introduced which would help to track informal complaint resolutions, which could be included in future reports.

## Reportable Events

The Director of Finance and Planning introduced the report.

There had been two reportable events since the last meeting which were mandatory and reporting factual changes. The Committee concluded there were no associated risks.

## GDPR Update

The Pro-Vice Chancellor (Student Experience) and Academic Registrar introduced the report.

The Committee noted that 96% of staff had completed GDPR training within the last 12 months.

The Committee noted that the full GDPR report would be received in February.

## 4.4. Academic Governance: Overview of Norwich University of the Arts Quality Assurance Processes

The Pro-Vice Chancellor (Student Experience) and Academic Registrar (PVCSE) delivered a presentation to the Committee.

The Committee was satisfied with the level of scrutiny built into assurance processes, noting the involvement of student, industry bodies, PSRBs and accreditation bodies, and employers in the course approval and review processes.

The presentation outlined the key the University’s Academic Framework and quality assurance processes and how these met the Office for Students’ Conditions B1 – B6. The University continued to benchmark its processes against the Quality Assurance Agency (QAA) UK Quality Code, although this was no longer a statutory requirement for English providers.

Standards were maintained through adherence to the OfS defined Sector Recognised Standards and the use of external examiners in assessment and external advisors in course design. Currency was maintained through engagement with employers, industry and the external examiners and external advisors in the quality assurance processes.

The Committee discussed how the operation of the University’s quality assurance framework was tested and noted that the OfS monitored student outcomes against set threshold standards annually. The OfS data is provided through the University’s annual Higher Education Statistics Agency (HESA) student data return. Failure to meet these thresholds would result in further investigation of a provider.

The internal audit schedule included at least one student data quality audit each year to test that the underlying data informing the annual HESA student data return, which provides assurance to the Council that the University’s data is correct.

It was agreed that after the presentation from Senior Management at the next Council meeting, the Committee would reflect on its role in academic governance.

## Members of the Audit and Risk Committee

The Chair requested the Council papers be emailed to the co-opted Audit and Risk member in full.

**Clerk**

# INTERNAL AUDIT

## Internal Audit Annual Report – year ended 31 July 2023

The Internal Auditor from Scrutton Bland introduced the report. They thanked management for their responsiveness and noted that significant progress was already underway.

The Committee discussed the HR Report, noting that this was an advisory report designed to provide support and guidance at the request of management and so did not include a judgement. The Committee requested that this explanation be added to the report to provide additional context for the governing body.

## Internal Auditors – Scrutton Bland

The Committee noted that the 3 high risk recommendations should include an explanation to clarify what the high risk is in those areas, requesting a review of the final opinion in the Audit Committee annual report to Council.

## Internal Auditors – Scrutton Bland

* 1. **Final Report – Human Resource system and process effectiveness**

The Internal Auditor from Scrutton Bland introduced the report.

The Committee discussed the areas flagged as of higher concern, including the application process for new staff and the introduction of a more accessible digital HR system. They noted that work was already underway to improve operations in these areas.

The auditors confirmed that the management responded positively and fully signed up to the recommendations.

## Final Report – Procurement and Contract Management

The Internal Auditor from Scrutton Bland introduced the report. The overall judgement was reasonable assurance.

It was noted that there were good controls and oversight in place for the three medium risk recommendations, and that once contract registers were in place for all providers over a monetary threshold, the other gaps could be attended. The Committee was reassured that the priority areas were being addressed.

## Internal Audit Report – Risk Management

The Internal Auditor from Scrutton Bland introduced the report.

The Committee noted that the transformed risk register had been successful for both management and the Audit and Risk Committee. There were no major concerns in the final report and the Committee thanked the auditors and members of the Senior Leadership Team for their work.

## Internal Audit – Interim Update on Progress

The Internal Auditor from Scrutton Bland introduced the report.

The Committee were assured that there was a clear route map going forward and noted that the Office for Students compliance and Competition and Markers Authority Compliance would cover much of the academic assurance reporting

# DATA QUALITY

## Student Data Quality

The Pro-Vice Chancellor (Student Experience) and Academic Registrar delivered the report.

The Committee noted the new HESA Data Futures return had an extended timeline due to issues with the submission platform and credibility checking. The full report would be presented at the next meeting. A HESES recreation document would be made available to the external auditors following the next upload of data this week.

The annual report to Council would be updated with a summary of the Data Futures wider context.

**Director of Finance and Planning**

# BANK LOAN COVENANTS

The University’s compliance with bank covenants was noted.

# RISK MANAGEMENT

## Significant Risks List

The Chief Operating Officer delivered the report.

The Committee noted that the significant risks list was the product of an SLT review of all risk registers, noting that the increase in high level risks reflected a desire to increase attention and focus in these areas, rather than an escalation in their risk level. The Committee noted that these risks tied into the Operational

Plan’s priorities, namely in areas around student recruitment, inflationary pressures and IT system security.

The Committee noted that the increase in risk around teaching quality reflected an understated marking in previous years rather than an increase in severity, highlighting the TEF triple gold outcome as a highly positive indicator in this regard. The risk reflected NSS benchmarking difficulties following Covid as all indicators are expected to go up across the sector.

The Committee discussed the positive transformation of the significant risks list, noting the evolution of discussion over the meetings of the Audit and Risk Committee. The Committee noted that this discussion was vitally important to its purposes and therefore reclassified this item as of high importance.

The Committee therefore agreed that the risk register should be considered first on future agendas to ensure all discussions took place within its frame.

## Cyber Security Update

The Committee noted the report. The Senior Leadership Team would confirm that responses to any issues or alerts would be sent through in real time.

**Chief Operating Officer**

# REGISTER OF INTEREST – SENIOR STAFF

The Committee noted the report.

# AUDIT COMMITTEE ANNUAL REPORT (DRAFT)

The Committee made the following amendments to the draft report:

To add last year’s and the current meetings dates to the front page of the report.

## Director of Finance and Planning

For contextual wording to be added to the Internal Audit opinion.

## Internal Auditors – Scrutton Bland

For context about HESAs timeframes to be added to the data quality report.

## Pro-Vice Chancellor (Student Experience) and Academic Registrar

For context about the Covid impact to be added to the complaints report.

## Pro-Vice Chancellor (Student Experience) and Academic Registrar/Director

**of Finance and Planning**

Subject to the amendments above, the Committee approved the draft Audit Committee Annual Report for submission to the Council

# ANY OTHER BUSINESS

The Committee noted that the discussion about risk appetite was planned for the November Council, where the Chief Operating Officer would give a presentation.

The Chair thanked the external and internal auditors for their attendance and the work undertaken.

There was no other business.

*The executive attendees left the meeting at this point and a closed meeting of the Audit and Risk Committee was held with the internal and external auditors.*

# DATE AND TIME OF THE NEXT MEETING

The next meeting of the Committee would take place on Friday 16 February 2024 at 2.00pm.

***To allow the University’s Annual Report and Financial Statements 2022/23 to be discussed, the Audit Committee’s meeting was adjourned, and members of the Finance and Resources Committee joined the meeting. Minutes of the joint meeting are included below.***

# FINANCIAL STATEMENTS – JOINT MEETING

## Minutes of the previous meeting

The minutes of the joint Audit and Finance and Resources Committee meeting held on 31st October 2022 were approved.

## Commentary on the financial statements 2022/23

The Director of Finance and Planning introduced the commentary on the financial statements for 2022/23

The income for the year was up by 8% and expenditure was up by 18% due to the investment in capital projects and the University’s rebrand. Staff costs were rising due to inflationary pressures. Cash contributions to pensions had also increased from 21.1% to 24.4% in April. There had also been investment in student-facing resources, workshops, IT security and the ongoing costs of the Bank Plain development.

Tuition fee income increased by 3% although fees remained fixed for Home Undergraduate students. Good results in the Research Excellence Framework (REF) had resulted in increased research funding and grant income.

£5M had been put into investments which had seen only small increases due to market investment decline, and fixed assets had been affected by depreciation. However, cash had gone up overall by £1.8M, creating an overall surplus of £6.8M, generated from operating activities.

Grants had been secured from the Office for Students (OfS) and the Arts and Humanities Resource Council (AHRC) for three capital projects including the Immersive Visualisation Lab.

There was a surplus recorded on Local Government Pension Scheme (LGPS) liabilities of £2.2m. There was no right to a refund but there was potential for reduced contributions in the future, so a 0 surplus was recorded in the statements. Net assets were therefore up overall by £8.5m due to the LGPS liability.

Against the sector, the University had recorded a good year on unrestricted reserves and as of the year end, the Committee was confident in the strong monetary position of the University.

## Financial Statements for NUA 2022/23

The Director of Finance and Planning presented the Financial Statements for year ending 31 July 2023.

Attention was drawn to the strategic focus on EDI, Health and Safety and Sustainability. The Committee was confident that the University had sufficient funding in place to meet its liabilities and comply with debt covenants.

The Committee noted that financial assumptions required by FRS 102.28 reported an improved pension position. This was due to an increased discount rate that had reduced liabilities, and because the pension deficit had become a surplus recognised in the £0 asset reported in the financial statements. The Committee requested that the phrasing on page 55 be updated to reflect this.

## Director of Finance and Planning

The joint committee commended the Financial Statements to Council for approval.

## HW Fisher – External Auditors Report 2022/23

The external auditor confirmed that their audit was almost complete and the Committee confirmed that there were no concerns in relation to fraud, going concern or whistleblowing.

There was one minor amendment to the control points, and the auditors confirmed that the final report would be issued shortly. They recommended delaying the joint October meeting to ease the burden of work and give time for final reports to be submitted in future.

## Chair/Clerk

The external auditors were satisfied that the audit was according to plan, and although the LGPS surplus was unusual, they were confident with the conclusion to recognise the surplus as nil.

The joint committee commended the external auditors report for 2022/23, and thanked the auditors for the work undertaken.

## Draft Management Representation Letter from HW Fisher

The Committee noted that the federal loan work is almost complete but was not part of the financial statements.

The external auditors highlighted the recognition of the pension surplus and confirmed that the accounts were in line with compliance requirements.

The committee commended the representation letter and approved for signing by the Chair of Council.

# CLOSURE OF THE MEETING

The Chair thanked all attendees for their participation in the meeting, and drew attention to the extensive work of the internal and external auditors and the University’s finance team in finalising the financial statements.