

NEWMAN UNIVERSITY

Audit Committee

**Minutes of the Meeting held at Newman University
on Wednesday 21st June 2018 at 10.30 am in Room DW112.**

Present:

Mr Phillip Lennon	Chair
Mr Glen Alexander	
Ms Deirdre Finucane	

In Attendance:

Ms Andrea Bolshaw	Clerk to the Council
Professor Scott Davidson	Vice-Chancellor
Mr Tony Sharma	Director of Finance and Corporate Services

Mr Chris Mundy	BDO (Internal Auditors)
Mr Bill Devitt	Grant Thornton (External Auditors)
Mr Jim McLarnon	Grant Thornton (External Auditors)

Ms Jackie Flowers	Minute Secretary
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Observing

Ms Marnie Davis-Wood	Project, Policy and Governance Support Officer
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1. Apologies

Apologies were received from Dr Mark Goodwin.

2. Standing item: declaration of interest

There were no declarations of interest.

3. Minutes of the Meeting held on 21st February 2018

The minutes of the previous meeting were received, considered and agreed to be a correct record.

4. Matters Arising from the Minutes of the Meeting held on 21st February 2018

- 4.1 Arising from minute 4.4 (Internal Audit Recommendation Tracker), it was reported that the Tracker was now in place and was on the Agenda of meetings of the UOT. It was agreed that the Tracker should also be placed on every Audit Committee Agenda.

ACTION : Clerk to the Council

5. Internal Audit

5.1 Internal Audit Progress Report

Mr Mundy gave a summary of the internal audit activity during 2017/18. The second phase had taken place from February to May 2018, in line with the agreed timetable, and had covered GDPR readiness, Health and Safety, and ICT resilience and recovery.

The detailed reports from these Audits would be considered under 5.3 below.

The scheduled review of Corporate Governance had been deferred from June until July and would be reported to the November meeting of the Committee.

The Committee noted the report.

5.2 Internal Audit Strategy 2019/2020

The Committee received and considered the draft Strategic Internal Audit Plan for 2018/2021. Mr Mundy explained the approach to planning: the plan gave firm proposals for work during the next academic year, and provided indicators on the priorities for 2019/20/21. Areas for audit were linked to key risks and external drivers and were chosen by a process of prioritisation with ULT to ensure a manageable programme.

During consideration, the following points were raised.

Most of the risks on the University's Risk Register were captured over the three year programme but three were not: 17 (severe adverse publicity) 21 (loss of access to £250,000 of e-books), 22 (collapse of a major provider). After discussion, it was felt that the coverage of risks over the audit period was reasonable.

For 2018/19, 35 audit days were planned, but with an increasing number of audit days (44) in the next two years. It was noted, however, that the number of days for the next two years was indicative at this stage.

Members commented on the workload falling on the Secretary and Registrar as she was the University lead in several of the audits. She noted that many of the risks were within her portfolio and that she was the lead in most of the compliance areas. She felt that the audit schedule was, nonetheless, manageable.

It was noted that although there had been an audit of some aspects of ICT this year (with a focus on business continuity arrangements), the audit for 2018/19 on Cybersecurity was a deeper consideration on the network.

Resolved: AC 2018/2

To approve the Strategic Audit Plan for 2018-21.

5.3 Internal Audit Reports:

5.3.1 GDPR Readiness Assessment

This item was taken in conjunction with item 6 below.

5.3.2 Health and Safety

The purpose of the audit had been to provide assurance over the University's Health and Safety management and reporting framework. The review had identified three items of low significance and had made four additional observations. The management response to these were noted.

The review had found a substantial level of assurance over both the design and the operational effectiveness of the controls in place.

The Committee discussed the difference in training completion rates between academic and professional services staff and recommended that they be equalised, preferably at the earliest dates:-

Resolved: AC 2018/3

To approve the Internal Audit Report on Health and Safety.

5.3.3 ICT Resilience and Disaster Recovery

The purpose of the audit had been to provide assurance to management and the Audit Committee over the effectiveness of the University's disaster recovery planning arrangements, processes and underlying controls that are in operation for maximising resilience within the University's IT environment.

The audit had identified three recommendations of medium significance around Business Impact Assessments (BIA), and communications.

The review was able to provide moderate assurance over the design and effectiveness of ICT resilience and disaster recovery arrangements.

The Committee was pleased to note that all six recommendations (three medium and three low level) were scheduled to be implemented by the end of September 2018. It was felt that as ICT was critical to the running of the University and was constantly evolving, it was beneficial to staff and to management for it to be continually reviewed.

The Committee noted the areas of good practice identified.

Resolved: AC 2018/4

To approve the Internal Audit Report on ICT Resilience and Disaster Recovery.

6. GDPR Action Plan

The Committee firstly considered the report on the GDPR Readiness Advisory Review. Mr Mundy explained that this Review was different from the reassurance provided by the usual internal audits; its purpose was to review the arrangements in place within the University relating to the readiness for the implementation of GDPR in May 2018. This focus had entailed a review of the University's GDPR Action Plan and a gap analysis of the requirements listed to ensure that the correct items had been identified in terms of priorities and timelines. As it was a readiness assessment, the report did not have recommendations but had identified a range of areas of good practice and gave its findings which highlighted the key areas requiring prioritisation. The report had concluded that whilst the University would not be fully GDPR compliant by the deadline of 25th May 2018; this was not atypical and the University's management was working to become compliant as soon as possible. The University's GDPR Action Plan was comprehensive and further progress had been made since the review had been undertaken. The auditors were comfortable with management responses.

An update on the University's activity in respect of GDPR compliance was then presented by the Clerk to the Council. She outlined progress made and work currently being undertaken. She explained that priorities had been set, with the highest being given to areas of work that held the most detailed and sensitive data. The GDPR required the institution to have a record of processing activities (ROPA) and each department was producing their own which would feed into the institutional ROPA. It was hoped to finish this before Christmas. In identifying the lawful basis for holding data, the areas most concerned (Marketing and Alumni) had had external legal support. The Data Protection Officer (DPO) and the GDPR Project Co-ordinator had gained experience of drafting privacy notices and were developing templates. She highlighted positive factors from the work done to date, these included: the high number of staff trained and their engagement with the training programme; a changing culture and awareness of the requirements of the GDPR; and the establishment of champions in individual areas.

She reported that there had been contact with the ICO prior to the GDPR in respect of some subject access requests. The ICO had agreed that the University had shown good regard to the legislation. The Committee felt that this was important to note as it gave reassurance that the University aimed to abide by the legislation.

The topics discussed during consideration of the update were as follows. The University staff with responsibilities in respect of breaches were identified; in addition to the DPO and the GDPR Project Co-ordinator, other staff in the Secretary and Registrar's Office had access to the dedicated email box for data protection issues. The reporting lines of the DPO were explained, with it noted that the DPO had an acceptable line of access to an appropriate level of management. Policies in respect of GDPR would need to be updated more regularly than was usual for University policies in view of it being new legislation and the regular updates from the ICO. The process for approving updates to the policies was noted.

The Committee congratulated the University on what had been achieved so far but noted the importance of keeping a focus on the target dates for completion of essential areas of work and encouraged management to complete the areas RAG-rated red by the next meeting of the Committee (in mid-November).

Action: Clerk to the Council

The Clerk to the Council reported that there would be a GDPR awareness raising session for Council members.

It was noted that the GDPR Project Co-ordinator would be invited to attend the next meeting of the Committee.

Action: Clerk to the Council

The Committee noted the reports.

7. Risk Management

7.1 Summary of Principal Risks

A summary of the Principal Risks was noted and received.

It was suggested that the risks should be listed in order of risk.

Action: Clerk to the Council

7.2 Updated Risk Register as reviewed by UOT

The Risk Register was updated regularly by the University's Operations Team (UOT) and the Committee considered the updated Risk Register.

The Committee discussed the presentation of the Risk Register and the ranking by raw and/or residual risk. It was noted that some institutions used the raw risk. The Committee felt that as the Risk Register contained both the raw risk and the moderated risk and there was confidence in the process of calculating the residual risk, the current format was acceptable.

It was noted that the principal risks had not changed since the last iteration of the Risk Register; risk relating to HEFCE had been retained on the Register during the transition period with the OfS.

Committee members were of the opinion that the first risk (Insufficient cash generated to invest in the University) should have a higher risk than 9, given the current environment and that compliance with GDPR should be a separate item on the register while there remained significant actions outstanding.

Action: Clerk to the Council

There was a view that adverse publicity was not a risk in itself as it was the underlying cause of the adverse publicity which was actually the risk. However, if the University management found it helpful to include it as a risk, it should remain.

Resolved: AC 2018/5

To approve the Risk Register

7.3 Statement of Strategic Objectives aligned to Risks

The statement was noted.

8. Audit Committee Annual Report

The Clerk to the Council advised that the Committee's Annual Report for 2017/18 was due in November 2018 and paper 11/18 had been prepared to facilitate discussion on the format and content of the report. She noted that there was currently a period of transition until August 2019 following the cessation of HEFCE and the introduction of the Office for Students (OfS); however, under the transitional arrangements, it was a requirement for there to be an annual report

During discussion, Committee members supported the retention of the format and content of the previous years' Annual Report. The reflective contextual document, added as a cover sheet to the Report, was found to be useful. It was felt that a more formal self-assessment by the Committee could be undertaken at a future date.

Should the OfS issue any further guidance on the requirements of the Annual Report, the Clerk to the Council would notify Committee members.

Action: Clerk to the Council

9. External Audit Strategy for Year Ending 31st July 2018 – Audit Plan

Mr Devitt outlined the External Audit Plan for the year ending 31st July 2018. He did not anticipate that the approach would differ greatly from that of previous years and there was little change in the key risks. The external audit work would focus on two significant risks, these risks were mandated by ISAs (UK) and related to the risk of the revenue cycle including fraudulent transactions and the risk of management over-ride of controls. Other reasonably possible risk areas would also be considered, for example, tuition fee income, funding body grant income; and on the expenditure side, payroll and creditors. This year, there would also be an audit focus on two other areas – Going Concern (because of the increased pressure on sustainability and cash flow in particular) and Newman Firmtrust as it had been trading during the year. As in last year materiality would be based on a percentage of total revenue streams. The Committee noted the requirement for independence and that the Auditor was always mindful to use a separate team for any other financial advice provided to the University.

The findings of the External Audit would be reported to the Audit Committee at its November 2018 meeting.

It was noted that the External Audit report for Newman Firmtrust would be reviewed by the Audit Committee prior to its consideration by the Board of Newman Firmtrust.

ACTION: Clerk to the Council

The Committee noted the External Audit Plan.

10. OfS: Application and Registration

The Committee received a paper providing information about the approach taken by the University in applying for Registration with the Office for Students (OfS) and the content of the application. The University was waiting for the outcome from the OfS.

The Committee acknowledged the context and the great amount of work that had been involved for the registration application.

The Committee noted the Report.

11. Prevent Duty – Outcome Letter

For information and assurance, the Committee received the outcome letter from HEFCE in respect of the University's Governing Body Annual Report to HEFCE. HEFCE had concluded that the University had demonstrated sufficient evidence of due regard to the Prevent duty.

The Committee noted the letter.

12. HEFCE Assurance and Accountability Returns – Outcome Letter

The outcome letter from HEFCE's annual assessment of institutional risk was received. HEFCE had concluded that with regard to financial sustainability, good management and governance matters the University was not at higher risk.

The Committee noted the letter.

13. Value for Money Report

The Committee received a report which gave information on the measures taken to ensure value for money in procurement and provided examples of recent actions taken to obtain value for money.

The Committee noted the report.

14. Any Other Business

There was no other business.

15. Date of the Next Meeting

The next meeting to take place on Monday 12th November 2018 at 2pm.

**NEWMAN UNIVERSITY
COUNCIL
AUDIT COMMITTEE**

Action Plan from the meeting of the Audit Committee held on 21st June 2018

Minute	Agenda Item	Action to be Taken	Person Responsible
4.1	Matters Arising – Internal Audit Recommendation Tracker	Tracker to be placed on every agenda of the Audit Committee.	Clerk to the Council
6	GDPR Action Plan	<ol style="list-style-type: none"> 1 GDPR project co-ordinator to be invited to attend the next meeting of the Committee. 2 To complete the areas RAG-rated red by the next meeting of the Committee. 	<p>Clerk to the Council</p> <p>Clerk to the Council</p>
7.1	Summary of Principal Risks	To put the risks in order.	Clerk to the Council
7.2	Updated Risk Register as reviewed by UOT	Compliance with GDPR to be retained as a separate item on the register while significant actions outstanding remained.	Clerk to the Council
9	External Audit Strategy	Audit findings for Newman Firmtrust to be considered by the Audit Committee prior to submission to the Board of Newman Firmtrust.	Clerk to the Council