

NEWMAN UNIVERSITY

Audit Committee

**Minutes of the Meeting held at Newman University
on Monday 12th November 2018 at 2.00 pm in Room ST 102.**

Present:

Mr Phillip Lennon	Chair
Ms Deirdre Finucane	

In Attendance:

Ms Andrea Bolshaw	Clerk to the Council
Professor Scott Davidson	Vice-Chancellor
Ms Diane Oldaker	Head of Finance
Mr Tony Sharma	Chief Financial Officer
Mr Bill Devitt	Grant Thornton (External Auditors) (for items 1-9)
Mr Chris Mundy	BDO (Internal Auditors)
Ms Jackie Flowers	Minute Secretary

1. Apologies

Apologies for absence were received from Mr J McLarnon (Grant Thornton).

2. Standing item: declaration of interest

There were no declarations of interest.

3. Minutes of the Meeting held on Thursday 21st June 2018 (AC 2M/18)

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

4. Matters Arising from the Minutes

Item 4.1 – Matters Arising – Internal Audit Recommendation Tracker

The Clerk to the Council explained that due to the amount of material on the agenda the Tracker had not been placed on this agenda, noting that it would be covered by item 8.3 (Internal Audit Follow Up Report). It was agreed that it would be left on the action plan to be picked up at the next meeting.

Action: Clerk to the Council

Item 6 – GDPR Action Plan

The Clerk to the Council reported that it had been felt better to defer consideration of this item to the next meeting when there would be time for a fuller discussion. The Data Protection Project Co-ordinator (DPPC) would attend the next meeting.

Action: Clerk to the Council

Item 7.1 – Summary of Principal Risks

It was noted that the summary of principal risks had been presented in risk order.

Item 7.2 – Updated Risk Register

Compliance with GDPR had been retained as a separate item on the register.

Item 9 – External Audit Strategy

The accounts for Newman Firmtrust were on the agenda at item 7.2.

5. Review Terms of Reference of the Audit Committee (AC 17/18)

The Clerk to the Council advised that the Committee was required to review its terms of reference each year. It had not been practice in the past to have an annual review of the Terms of Reference of Council committees, but it was felt to be necessary now for good governance. It was part of a wider piece of work reviewing the Instrument and Articles and the University committee structure.

The Committee reviewed the terms of reference, noting the minor changes that had been made.

It was noted that reference to the Teaching Agency needed updating to the DfE.

Action: Clerk to the Council

Resolved AC 6/2018

As amended above, to agree the changes to the Terms of Reference as identified in AC17/18 and to recommend to Council that they be approved.

6. External Audit Reports

6.1 Audit Findings Report from Grant Thornton (AC 18/18)

Mr Devitt took the Committee through the Audit Findings Report which covered both Newman University and Newman Firmtrust. He confirmed that no significant issues were raised in the report. He drew attention to the three outstanding matters, reporting that one of these (the review of the annual HESA student numbers return and agreement to figures disclosed in the financial statements) had now been completed. The other two matters were the receipt of the signed Letter of Representation and final consideration of post balance sheet events. The outstanding matters would not modify the audit opinion.

The Auditors had identified one small control deficiency in the journal entry process and had recommended that user access levels were reviewed and restrictions put in place to ensure appropriate access of individuals in a significant position to influence the group. The Chief Financial Officer (CFO) reported that action had been taken in response to restrict the access levels of senior personnel to that of purchase invoice approval only.

The Committee received the draft Audit Findings report.

6.2 Letters of Representation to be provided to Grant Thornton (AC 19/18)

The Committee received, for review, a copy of the Letter of Representation to be provided to Grant Thornton. The Letter would be presented to Council for approval at its meeting on 22nd November 2018.

Resolved: AC 7/2018

To recommend to Council that the Letter of Representation be approved.

7. Accounts

7.1 Draft Newman University Accounts for Year Ended 31st July 2018 (AC20/18)

The Committee reviewed the draft financial statements for the year ended 31st July 2018. It was noted that the draft had been sent to all members of Council for comment and no amendments had been proposed. There were three subsequent amendments: the inclusion on P8 and P36 of student numbers as agreed with Grant Thornton, and on P12 to include a note about Trade Union regulations and facility time; again, this had been agreed with Grant Thornton.

Some corrections were noted.

Action: Chief Financial Officer

The Committee commended the University on the achievement of the surplus.

Resolved: AC 8/2018

To recommend to Council that the draft financial statements be approved.

7.2 Newman Firmtrust Limited Financial Statements (AC 21/18)

The Newman Firmtrust Limited Financial Statements for 2017/18 were reviewed by the Committee prior to their consideration and approval by the Newman Firmtrust Board.

The Financial Statements were received.

7.3 OfS Accounts Direction 2018/19 (AC 22/18)

The CFO advised that there were no significant changes from the Accounts Direction formerly provided by HEFCE. However, the University was required to make additional disclosure about the pay of senior staff, which had been included in the financial statements.

The report was noted.

8. Internal Audit Reports (AC 23/18)

8.1 Corporate Governance Audit (Annex 1)

Mr Mundy reported on the areas covered in the Audit, which included: compliance with the CUC Code of Governance and recent sector guidance in the area; monitoring of the effectiveness of Council, Senate and committees; induction and training processes for new Council and Senate members; succession planning and recruitment processes; and, peer sector comparison.

The report had identified a number of areas of good practice, for example: the current awareness updating to Council members; the Vice-Chancellor not being a member of the Remuneration Committee; the methods used to assist collaboration and understanding of other committees' roles and responsibilities, including the reporting of key decisions and discussion from other committees and the annual joint meeting of the Senate and Council; the annual review of committee terms of reference and progress reports; the RAG rating of the Audit Committee agenda; and, the creation of a pool of candidates for future Council vacancies.

The Audit had given substantial assurance over the design and operational effectiveness of the controls currently in place in relation to the delivery of effective governance arrangements. There were three findings of low significance: to provide an induction for new members of Senate; to undertake the assessment on a regular basis of individual member performance for Council and Senate focusing on individual performance and training needs; the need to provide further guidance about the confidentiality of some of the agenda items for Senate. The Audit also made an observation about the participation of the Vice-Chancellor in meetings of the Audit Committee. Whilst noting the advantages of this, it would be best practice for the Vice-Chancellor not to attend every meeting to ensure that lines of independence were not blurred.

The Committee noted the management response to the recommendations: it was agreed that Senate induction would be developed and introduced and that Council training and induction would be reviewed; a programme of review of individual member performance for Senate and the Council would be set up and started; and, further guidance would be given to Senate members on confidentiality. The Clerk to the Council outlined the work being done in response to the recommendations. She noted the increasing importance and volume of governance work and commended the work done by the Project, Policy and Governance Support Officer (PPGSO).

With regard to the Vice-Chancellor's attendance at meetings of the Audit Committee, it was observed that the University was not out of kilter with other institutions and that the Committee did have an agenda item which permitted external Council members to have discussions with the internal and external auditors without members of the ULT being present. The Committee had found it useful for the

Vice-Chancellor to be in attendance at its meetings. He was the University's accountable officer to the OfS and this role could not be delegated to another senior member of staff. It was felt he should attend regularly or on an ad-hoc basis as required in view of the agenda

It was agreed to discuss this further at a future meeting.

Action: Clerk to the Council

Resolved AC 9/2018

To approve the Corporate Governance Audit Report

8.2 2017/18 Internal Audit Annual Report (Annex 2)

The Committee considered a report on the overall results of the Internal Audit Programme for 2017/8. Mr Mundy highlighted the work undertaken during the year and said that there had been no material changes to the Audit Plan. Summarising the outcomes of the individual Audits, he reported that there was a substantial level of assurance for control, design and operational effectiveness across the Audits and there were no areas of significant concern. The recommendations from the GDPR Audit had been omitted as they would have distorted outcomes unfairly, being based on an action plan which the University was moving forward.

Resolved AC 10/2018

To approve the 2017/18 Internal Audit Annual Report.

8.3 Follow Up Report (Annex 3)

The Committee discussed the Final Recommendation Follow Up Review which provided a review of the actions taken by management in response to agreed audit findings and was the last piece of work done each year. A summary of the recommendations arising from work delivered in 2017/18 against those provided in 2016/17 was given. A higher number of recommendations were made (in total and per audit) than in the previous year. However, none of these were assessed as high significance issues and this was not seen as an issue of concern. Mr Mundy said that the University had made generally good progress in implementing the twenty-two previously agreed recommendations. Fourteen had been fully implemented, three recommendations had been deemed by University management to be superseded because there were now alternative forms of regular reporting. A further five recommendations were overdue but in progress. However, there were no major concerns as these were not of high significance

The Committee requested that target dates for completion of recommendations should be added.

Action: Clerk to the Council

The Committee noted the report.

8.4 Internal Audit Progress Report November 2018 (Annex 4)

The Committee received an update from Mr Mundy on the progress of the Internal Audit programme. Since the meeting of the Committee in June 2018, final Audit reports had been submitted on Corporate Governance and Follow Up and BDO had issued its Internal Audit Annual Report for work completed within 2017/18.

He drew attention to some changes to the timetable for 2018/19 following requests from the University's management. In recognition of the status of the HESA Data Futures programme, the Data Quality Audit had been rescheduled to February 2019. The CMA expectations Audit had been brought forward from February 2019 to December 2018. The Cyber Security Audit had been brought forward from May 2019 to January 2019. He advised that these were only changes in the timing of the Audits and not changes to their content.

The report was noted.

9. Draft Audit Committee Annual Report to Council (AC 24/18)

The Committee considered the draft annual report which had been prepared by the Chair with help from the Clerk to the Council and the PPGSO. The Chair drew attention to changes in format from the previous report.

The main topic arising in discussion was that of Committee membership. It was felt that additional members needed to be appointed and the Nominations and Governance Committee had suggested that Ms Julie Jones become a member of the Audit Committee; Council ratification of this was awaited. Ms Jones had previously been head of an external audit team for the University but sufficient time had elapsed for this not to be an issue.

Some minor amendments and corrections were agreed.

Resolved AC 11/2018

As amended, to approve the Annual Report to Council

Action: Chair/ Clerk to the Council

Mr Devitt left the meeting at this point.

10. Risk Management (AC 25/18)

10.1 Summary of Principal Risks (Annex 1)

The Committee considered the summary of Principal Risks.

The Clerk to the Council, as agreed at the last meeting, had ordered risks by their residual risk score. The Committee confirmed that it preferred the ranking by residual risk rather than raw risk.

The summary was noted.

10.2 Updated Risk Register as reviewed by ULT (Annex 2)

The Clerk to the Council introduced the updated Risk Register and drew attention to the main changes.

At an earlier meeting, the Council had suggested that risks 2 and 2a be reviewed in terms of whether and how the risks cited had actually crystallised and if they should consequently have a maximum score of 18. In view of the current position, the University management did not believe that the risks had crystallised and that a maximum score was, therefore, inappropriate. Risk 9 had been removed as there was no longer an Annual Provider Review. Other amendments reflected changes to job roles and titles.

The Committee discussed the updated Risk Register, with the following points raised. It was agreed that the rating for risks 23a and 23b (relating to the GDPR) should be classified as amber rather than green. This was not a reflection on the work undertaken by the Data Protection Project Co-ordinator but of the amount of work to be completed. The Committee commended the DPPC on the work completed so far and the resulting level of detail achieved.

In respect of risk from industrial action, the Vice-Chancellor gave an update on the current position. He reported that UCU had run ballots at institutional rather than national level. The turnout of UCU members at the University was 20% below the threshold required. Unison had balloted nationally and the turnout had also been below the necessary level. It was possible that UCU might hold a national ballot.

Resolved AC 12/2018

To approve the Risk Register, as amended.

10.3 Statement of Strategic Objectives aligned to Risks (Annex 3)

The Committee noted the Statement.

11. Prevent – reporting to OfS (AC 26/18)

The Clerk to the Council explained that the Committee had responsibility for the oversight of the University's engagement and due regard to Prevent. The draft return was presented for consideration and approval by the Committee prior to sign-off by the Council at its meeting on 22nd November 2018 to meet the OfS deadline of 3rd December 2018. The OfS's requirements were similar to those of the former HEFCE although some aspects of the data return went beyond the requirements of Prevent. It was no longer necessary for the University to submit an annual report or the Prevent Risk Register.

It was noted that there had been some concern in the sector about the obligation to return the number of welfare cases referred for specialist advice and support as a 'score-card' value. This had previously been requested in narrative format but now appeared to be seen as a metric. The Clerk to the Council advised that she had completed the text for the Welfare section in line with advice that had subsequently been received from the OfS.

Committee members noted that there was a 'prompts' section in the OfS documentation which gave guidance on how governing bodies could gain the necessary assurance; it was felt advisable for this section to be completed.

Action: Clerk to the Council

The Committee discussed training for Council members. The Clerk to the Council reported that Council members had received a Prevent briefing in 2016 and new Council members had been included in the corporate staff training programme. Refresher training was not planned at the moment; however, the University was doing some more focussed safeguarding training for the members of the Safeguarding Task Group and she suggested that this safeguarding training could be rolled out to Council members.

Action: Clerk to the Council

Resolved: AC 13/2018

To approve the Annual Accountability and Data Returns submission on Prevent.

12. GDPR and Data Protection Act Implementation Update (AC 27/18)

The Clerk to the Council presented an update on the Data Protection project's progress against the BDO Readiness Assessment and IT Governance (ITG) Gap Analysis.

The Committee asked about staffing for the area following the departure and non-replacement of the University's Compliance Officer. The Clerk to the Council advised that the DPPC role and the DPO role had now been amalgamated. An Executive Assistant based within the Vice-Chancellor's Office would be assisting, on a part-time basis, in particular in the data flow mapping area of the project but also to provide cover for when the DPPC was on annual leave.

The Clerk to the Council reported that there had been a number of 'breaches', but none had been deemed sufficiently serious to report to the ICO. The Committee suggested that she might reconsider the terminology used to differentiate between a notification of a data protection issue and an actual breach in order to avoid unnecessary confusion and concern.

Action: Clerk to the Council

The Committee received the interim report and acknowledged the amount of work that had been done and that progress to date was encouraging. It was agreed that a full review of the report would take place at the next meeting.

13. OfS Registration Outcome and Monitoring (AC 28/18)

The OfS Registration Outcome Letter was considered by the Committee. The Committee noted the enhanced monitoring requirements contained in the letter which concerned the following indicators: continuation of full-time PGCE students; continuation of part-time other undergraduate and postgraduate taught students; and, completion of part-time undergraduate students. The University had to submit to the OfS by the end of January 2019 information about action taken to improve student outcomes in the areas identified.

The Clerk to the Council reported that the Retention and Success Task Group had a specific remit in this area and had already discussed the OfS requirements and would be preparing a draft report for ULT to consider on 7th January 2019, prior to the 31st

January deadline. The OfS comment about issues to be addressed in the University's 2020/21 access and participation plan was thought to be a standard sentence that appeared in a number of HEI registration outcome letters.

The report was noted.

14. Value for Money (AC 29/18)

The Clerk to the Council advised that the University was not required to make an efficiency return, but the OfS expected regular publication of clear information about its arrangements for securing value for money. The regular Value for Money reports provided the Committee with evidence that value for money was being achieved.

The Committee noted the report.

15. Data Quality Assurance (AC 30/18)

It was noted that the Audit Committee was required to provide the OfS with assurance on the accuracy of the data provided in the returns the University made to external stakeholders. The CFO outlined the work carried out to ensure that data was accurate and up to date. He drew attention to the HESA transformation initiative Data Futures, which concerned the student record, and the move towards more real time data by the regulator. He commented that the sector was used to providing data about fourteen months after the start of the academic year but the new requirements were for a more rapid data return. The Committee noted that the data would be used through the new Committee and Task Group structure to monitor student attendance and engagement to help to improve student retention, success and employability, for example.

The report was noted.

16. Opportunity for the Audit Committee to meet Auditors without Senior Managers

It was agreed to postpone this item until the next meeting when both Mr Mundy and Mr Devitt would be present. (Mr Devitt had left the meeting at this point). Mr Mundy confirmed that he had no urgent concerns.

Action: the Clerk to the Council to invite Mr Devitt to the next meeting.

17. Any Other Business

There was no other business

18. Date of the Next Meeting

The next meeting to take place on Wednesday 27th February 2019 at 10.30am.

**NEWMAN UNIVERSITY
COUNCIL
AUDIT COMMITTEE**

Action Plan from the meeting of the Audit Committee held on 12th November 2018

Minute	Agenda Item	Action to be Taken	Person Responsible
4.1	Matters Arising – Internal Audit Recommendation Tracker	Item to be left on the action plan to be picked up at the next meeting.	The Clerk to the Council
5.	Review Terms of Reference of the Audit Committee	To update the reference to the Teaching Agency.	The Clerk to the Council
7.1	Draft Newman University Accounts for Year Ended 31 st July 2018	To make corrections notified at the meeting.	The Chief Financial Officer
8.1	Corporate Governance Audit	The Vice-Chancellor's attendance at meetings to be considered at a future meeting.	Chair/The Clerk to the Council
8.3	Internal Audit - Follow Up Report	Target dates for completion of recommendations be added.	The Clerk to the Council
9.	Draft Audit Committee Annual Report to Council	To make corrections notified at the meeting.	The Clerk to the Council
11.	Prevent – reporting to OfS	To complete the 'prompts' section of the report template.	The Clerk to the Council
16.	Opportunity for the Audit Committee to meet Auditors without Senior Managers	To invite Mr Devitt to the next meeting.	The Clerk to the Council

Reflection on Annual Report
Confidential – Restricted Minute

Staff from Grant Thornton and BDO were not present for this item.