

NORWICH UNIVERSITY OF THE ARTS

Minutes of Audit Committee

Held on 01 November 2021 in Francis House, Norwich, and commencing at 14.00

Present

Mr T Wilson (Chair)
Mr C Owen
Mr T Wood

Mr P Goddard, Head of Internal Audit, Scrutton Bland (leaving just before item 12)

Ms E Larcombe, KPMG, External Auditor (leaving just before item 12)

Prof. S Ofield-Kerr, Vice Chancellor (leaving just before item 11)

Mrs A Robson, Deputy Vice Chancellor (leaving just before item 11)

Mr D Williams, Clerk

In attendance

Mr S Abbott, RSM (leaving just before item 12)

Mr N Ackroyd, KPMG, External Auditor (leaving just before item 12)

Mr S Belderbos, Director of Finance, NUA (leaving just before item 11)

Ms L Cox, Scrutton Bland (leaving just before item 12)

Apologies

None

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 closely followed the Audit Code of Practice.

Members agreed that following the recent changes to the membership of the Committee, there was a need to recruit an additional member to join the Committee. The Chair of the Committee confirmed that the matter had been discussed with the Chair of the Council and the previous Chair of the Committee. Work was underway to find a new, suitably experienced member for the Committee.

To assist the work of the Committee, and to ensure all areas of its terms of reference were adequately covered, Members agreed that it would be helpful if an annual programme covering the Committee's work could be developed (to demonstrate fulfilment of the terms of reference).

Clerk

MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting of the Audit Committee held on 11 June 2021 were agreed.

MATTERS ARISING FROM THE MINUTES

Item 4.1 It was agreed that Mr M Dawson, KPMG, would be invited to make a presentation to the Committee at its June 2022 meeting.

External Auditor

1. QUALITY AND COMPLIANCE

1.1. Annual Summary of Complaints

The Committee reviewed the annual summary of complaints. The University had as in previous years receive a small number of complaints, although one class complaint had been made on behalf of a group of 350 students. This had been prompted by speculation in the national media that students should receive a reduction in tuition fees during the period of Covid-19 lockdown.

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There is a separate procedure for academic appeals and the majority of complaints received had a monetary aspect. Of the 10 complaints received, 7 related to student rents, with the remainder about access to resources.

The level of satisfaction recorded by the National Student Survey (NSS) was an additional and separate source of data providing evidence of the generally high levels of satisfaction of students with the University. Despite Covid-19, the level of student satisfaction with the University had been sustained.

The Committee duly noted and received the report of the Annual Summary of Complaints.

1.2. Reportable Events

The Committee noted the two Reportable Events.

1.3. GDPR update

The Committee received information about a minor data breach that had occurred in September 2021. It had not been necessary to report the incident to the Information Commission's Office (ICO).

More generally, the University had experienced a low level of data breaches. All staff were required to complete GDPR training, and to re-train every 2 years.

The Committee would receive an annual report on GDPR at its meeting in the Spring 2022.

The Committee explored the related issue of Cyber Security, and the associated level of risk. This was further considered at item 2.2.

The Committee noted the GDPR update.

2. INTERNAL AUDIT

2.1. Internal Audit Annual Report – year ended 31 July 2021

The report detailed the annual internal audit opinion. Based on the work undertaken, the internal auditor had awarded the University a “green” opinion, the highest level of assurance.

The Committee enquired about transition arrangements to Scrutton Bland. RSM confirmed all their audit reports are available to Scrutton Bland, the University's new appointed internal auditors. RSM would also be happy to respond to any specific question relating to the work they had carried out raised by Scrutton Bland.

On behalf of the Committee, the Chair thanked RSM for the work they had undertaken during their tenure as the University's internal auditors.

2.2. Internal Audit Assurance Strategy and Annual Plan 2021/22

The Internal Auditors introduced the draft plan for 2021/22, emphasising it was for the Committee to determine the actual plan for the year.

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The Internal Auditors took the Committee through the process they had used to develop the draft plan. Based on reviewing previous audit plans, no obvious gaps in the scope or areas of internal audit had been identified.

The Committee acknowledged that it was important to recognise the relationship between the University's emerging strategy and risk. The character and form of the audits required was expected to change as further details of the University's strategy were confirmed. In this context it was further noted that the audit process could be used to test management's assessment of risk and their chosen mitigation strategies, and examine areas perceived as constituting emerging or rising levels of risk.

The internal auditors proposed that they would share an initial planning document for the following year's Internal Audit Strategy and Annual Plan (i.e. 2022/23) at the spring meeting of the Committee.

The Committee noted that unanticipated changes to the external environment as well as the ongoing strategy development process might in some circumstances prompt an in-year change to the Audit Assurance Plan and Strategy.

Consequently, the process for monitoring and reviewing management actions taken following the recommendations made by the Internal Auditors was discussed. It was agreed that the plan would be monitored through the year (2021/22) to ensure it remained appropriate.

The Committee approved the Internal Audit Assurance Strategy and Annual Plan for 2021/22.

3. DATA QUALITY

3.1. Student data quality,

The Committee received a report on student data quality. This detailed the reconciliation of the data submitted for Higher Education Students Early Survey (HESES) with the student return to the Higher Education Statistical Agency (HESA).

A small difference in student numbers between the two returns had been identified for 2020/21 and hence the funding received. Given the size of the difference, it was unlikely that the Office for Students (OfS) would adjust the University's funding for the year.

The Committee noted the report.

4. BANK COVENANTS

The University's strong financial position and ability to meet its bank covenants was noted.

5. RISK MANAGEMENT – SIGNIFICANT RISKS LIST

The Committee received the significant risks list (SRL). The list detailed the highest risks facing the University. The SRL is reviewed twice a year by the Committee and is also considered by the Council.

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The Committee noted that the University had an ambition to continue to grow both undergraduate and postgraduate student numbers. The growth in student numbers would help to underpin the institution's financial sustainability.

In discussion the Committee noted that Government policy towards higher education (HE) remained unclear, with Press speculation about Ministerial actions and announcements continuing on a regular basis. The HE sector continued to seek greater clarity from government. To date this had not been forthcoming.

The Committee discussed the format of the Risk Register, and the extent to which the most recent mitigating actions made by the University were easily identified. Actions over the two most recent periods were shown on the Register. It was noted that many of the mitigating actions were on-going, rather than discrete. On balance the Committee concluded that the provision of detailed narrative was helpful in understanding how the executive team were progressing matters, particularly where the risks are ongoing and without a finite time period.

Nonetheless, the Committee recognised that the Risk Register is a strategic instrument and needs to be reviewed and developed in this context. It will be regularly reviewed in context of the dynamic operating environment and strategy development work that is ongoing.

The Significant Risks List was noted.

6. REGISTER OF INTERESTS

The Register of Interest 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.

The Committee Chair asked that the Report be circulated to those governors who had been members of the Committee in 2020/21, but were no-longer members of the Committee.

DVC

Subject to the comments from the previous members of the Committee, the Committee approved the report for presentation to Council.

Chair

8. COMMITTEE CONVENING

The Committee expressed a preference for holding face-to-face meetings, but agreed that the option of holding "virtual" meetings (or facilitating virtual attendance for specific members) should be held in reserve in case the need arose.

9. ANY OTHER BUSINESS

There were no matters of any other business.

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would take place on Friday 18 February 2022 at 14.00.

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11. MEETING WITH EXTERNAL AND INTERNAL AUDITORS

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

The external auditors periodically issued bulletins offering an update on the higher education sector. It would be helpful if in future Members of the Committee could receive these updates. What would be particularly useful was if the matter produced could discuss the impact of key changes on small and specialist institutions.

External auditors

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

12. ANNUAL APPOINTMENT OF THE EXTERNAL AUDITORS

The external and internal auditors left the meeting.

The Committee agreed to recommend to Council that KPMG be re-appointed as the University's external auditors for 2021/22.

Chair