

NORWICH UNIVERSITY OF THE ARTS

Minutes of Audit Committee Held on 19 February 2021 using Microsoft Teams

Present

Mr A Grimbly (Chair)
Mrs A Ferguson
Mr C Owen
Mr T Wood

In attendance

Mr S Belderbos, Director of Finance, NUA
Mr M Jones, RSM, Internal Auditor (to Item 10)
Ms E Larcombe, KPMG, External Auditor (to Item 10)
Mrs A Robson, Acting Vice Chancellor, NUA
Mr D Williams, Clerk

Apologies

Ms A Beckett, Registrar, NUA

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Audit Committee and the joint Audit and Finance and Resources meeting held on 26 October 2020 were agreed.

1. MATTERS ARISING FROM THE MINUTES

All actions had been completed and there were no matters arising.

2. INTERNAL AUDIT

2.1. Internal Audit Progress Report

The Committee received an update on progress in completing the 2020/21 internal audit plan. Two audits from the plan had been completed, with the remaining two scheduled to be undertaken in March/April 2021. The results of these two audits would be reported to the Committee at its June 2021 meeting.

For information, the internal auditor provided copies of their February 2021 Higher Education Briefing and reports on Managing Risk in A Covid-19 World and Cyber Security Risk.

The Acting Vice Chancellor confirmed that the University has responded to all consultations initiated by Office for Students (OfS), either by submitting its comments directly to OfS, or by contributing to the responses made by GuildHE or Universities UK (UUK).

2.2. Higher Education – Benchmarking of Internal Audit Finding 2019/20

The internal auditors had provided a benchmarking report enabling the results of the internal audit reports prepared for NUA to be compared with the results from similar audits undertaken for other providers in the sector. The Internal Auditor noted that as its client base comprised typically larger, non-Russell group institutions, comparisons needed to be made with care.

The benchmarking data showed assurance levels for NUA compared favourably with the averages for the internal auditor's higher education client base. Taking the preceding three internal audits cycles, the internal audit service classified 75% of

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NUA's audits as providing substantial assurance with the remainder offering reasonable assurance. These figures compared favourably with the sector averages of 51% and 35% respectively.

The number of management actions resulting from the internal audits carried out for NUA across the same three-year period, were significantly below the levels recorded for the sector.

The overall annual internal audit opinion for 2019/20 placed NUA in the highest category. Only 20% of the internal auditor's client based achieved this level of assurance.

2.3. Final report – Health and Safety

The internal auditors had reviewed the University's health and safety arrangements. Following their work, the internal auditors had judged that the Board could take substantial assurance as to the design and compliance of controls with regard to health and safety. No matters were identified for management action.

2.4. Final Report – UUK/GuildHE Code of Practice for the Management of Student Housing

The internal auditors had assessed the University's compliance with the UUK/GuildHE Code of Practice for the Management of Student Housing. The University directly manages one hall of residence, Beechcroft.

The Code contains 93 elements. A review was required to take place every three years to confirm that the University remained compliant with the Code. The internal auditors had awarded a "green" opinion, judging the Board could take substantial assurance from the design and operations of controls applying to student housing. No matters for management action had been identified.

The report from the Internal Auditor would now be submitted to the Code Administrator.

Acting Vice Chancellor

The Chair thanked the Head of Internal Audit for their reports.

2.5. Internal Audit Management Recommendations Status Report

All recommendations arising from the work of the internal auditors in 2019/20 had been completed. All actions had been closed and there were no actions outstanding.

3. ASSURANCE

3.1. Insurance Cover

The Committee received the annual report summarizing the University's insurance cover. The University Mutual Association Limited (UMAL) remained the University's principal provider of insurance.

Arising from the pandemic the University had two claims in respect of the recovery of funds and the loss of income. In the first instance the University was pursuing a claim related to the recovery of funds arising from the cancellation of a student educational visit to Berlin planned for March 2020. The University also intended to submit a claim

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for loss of income under the University's Business Interruption insurance, following a change in the insurer's position on this relating to Covid.

3.2. Report on the University's activities and liability to taxation

The report was similar to the reports received by the Committee in preceding years.

The one substantial update was the on-going dispute with Norwich City Council as to the payment of Council Tax on the Mary Chapman Court Properties. The land on which these properties had stood was now the location for the Duke Street Riverside development.

The City Council continues to demand Council Tax be paid on the properties for the period when they were unoccupied and prior to their demolition. In an attempt to reduce the size of the Council Tax liability the University had made an application to Valuation Office Agency (VOA). The outcome to the application was pending.

3.3. Risk Assessment relating to Bribery, Failing to prevent other parties from evading tax and Money Laundering

The Committee received the annual risk assessment covering the areas of Bribery, preventing other parties to evade tax and money laundering. There were no significant changes to the previous years' assessment of risk levels and the associated actions taken to mitigate the risks.

The Committee received the report.

3.4. NUA's Whistleblowing Policy

Arising from the adoption and implementation by the University of the Committee of University Chairs (CUC), Higher Education Audit Committees Code of Practice (May 2020), the University's Whistleblowing Policy had been reviewed and was now to be approved by the Committee.

The Committee made some suggestions for amendments and noted that there were links between the policies and processes discussed under items 4.3 and 4.4. It was agreed that it would be helpful if the processes by which individuals raised concerns, including the option of contacting the Chair of the Audit Committee under the Fraud Response Plan, were cross-referenced so they applied to both policy areas. The Committee would benefit from receiving these related policies and procedures together at the same meeting in future.

Acting Vice Chancellor

The Committee approved the revised Whistleblowing policy.

3.5. Policy for the use of auditors for non-audit work

In order to comply with the new Higher Education Audit Code of Practice the University is required to have a policy in place on the use of auditors for non-audit work.

The policy was designed to ensure the independence of the auditors was not compromised, but, equally, if required, the University was able to gain access to specialist expertise available from the auditors.

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The Committee approved the policy on the use of auditors for non-audit work.

4. **GDPR – Annual Monitoring Report**

The Committee received the annual monitoring report on GDPR. The report included an update on the GDPR Action Plan. Information Security incidents were also included in the GDPR report.

During the period one information security incident had occurred. Due the nature of the data disclosure this was reported to the Information Commissioner's Office (ICO). The ICO confirmed to the University that no subsequent actions were required.

For future annual reports to the Committee it was agreed that actions which have been completed and incidents occurring in prior years could be omitted from the report. This would allow the report to focus on the activities and actions in the reporting year.

Registrar

5. **QUALITY AND COMPLIANCE**

5.1. Recent OfS and QAA Publications

The Committee received a summary of the recent publications released by the Office for Students (OfS) and the Quality Assurance Agency (QAA). The content of two publications, namely Reportable Events during the Covid-19 pandemic and the updated advice on Monitoring and Intervention both released by the OfS was drawn to the attention of the Committee.

The Committee noted the publications.

6. **REGULATORY AND DATA QUALITY MATTERS**

6.1. Statutory and Regulatory Reports

The Committee received the list of external statutory and regulatory reporting requirements placed on the University. All reports and returns had been submitted by the required deadlines.

The Committee noted the report.

6.2. Competition and Markets Authority (CMA) Self-Assessment

In January 2021, the OfS issued new guidance to higher education providers as to their expectations for institutions during the Covid-19 pandemic. Contained in the guidance was the need for providers to review compliance with CMA requirements in three specific areas: communications with students; delivery of teaching and assessments during the autumn term; and current plans for the spring and summer terms.

A detailed mapping of the University's actions against the CMA (and OfS) requirements had been undertaken. The mapping indicated that the University considered that it was fully compliant against the first two areas highlighted by the

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OfS. The third area, the University had set its self-assessment at amber – current plans for the spring and summer term – reflecting uncertainty as to the Government's position in allowing creative art and design students back onto campus.

The Committee noted the report.

7. FINANCIAL STATEMENTS

7.1. US Department of Education loan programme – KPMG review

The KPMG had completed its review of 2019/20 and its draft report confirmed that there were no reportable findings. Following receipt of a Management Assertions Letter and Management Letter of Representation KPMG will sign and submit its final report to University.

The Committee reviewed and approved the Management Assertions Letter and Management Letter of Representation to Council for approval.

Chair

8. ANY OTHER BUSINESS

There was no other business

9. DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would take place on Friday 11 June 2021 at 14.00.

The External and Internal auditors left the meeting

10. AUDIT RE-TENDER

The Committee considered draft proposals for the re-tendering of the external and internal audit services in 2021.

The composition of governors and senior managers involved in the short-listing and interview panels was agreed. These would comprise the Chair and Deputy Chair of the Audit Committee and Director of Finance.

The Director of Finance would undertake further work on the tender process, and agree the process with the Chair of Audit, prior to inviting tenders.

Director of Finance