

th June 2019 (AC 2M/19)

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

4. Matters Arising from the Minutes

Minute 5.2.2 – Internal Audit Report (IT Compliance)

The Clerk to the Council (the Clerk) reported that a specific date had been included for the implementation of recommendation 3. It had been decided not to place ITE on the Risk Register.

Minute 5.2.3 - Internal Audit Report (Cyber Security)

The CFO confirmed that specific dates for the completion of recommendations had now been included.

Mr Pring clarified that the concern mentioned related to a breach of the internal University policy and not to the PCI-DSS Standard.

Minute 5.3 – Internal Audit Decision Tracker

This item would be brought to the next meeting.

Action the Clerk

Minute 5.4 – Internal Audit Strategy

It was reported that the CFO and BDO were considering a document containing proposals for the formalisation of a three year rolling programme for the internal audit of IT.

Minute 9 – Audit Committee Annual Report

The Annual Report was on the agenda at item 9 below.

Minute 10 – Data Protection Update

Committee members that last year Council had asked for additional information to be given to inform the assurances it was providing. Practice across the sector for this was not standard. The CFO had therefore prepared a supporting spreadsheet showing the items and showing how the organisation delivered them. There were two omissions but these would be completed for the paper to be presented to Council for approval at its meeting on 26th November 2019.

Resolved AC 18/19

to recommend to Council that the Letter of Representation and the basis for Council Assurance be approved.

Action: Clerk

7. Accounts

7a Draft Newman University Accounts for Year Ended 31st July 2019 (AC 21/19)

The draft University Accounts for the year ended 31st July 2019 were reviewed. The CFO reported that the financial statements would be presented for approval to Council on 26th November 2019.

During discussion the following points arose. For OfS compliance, the CFO had prepared a statement of justification on the Vice-Chancellor's remuneration. Committee members commented on the ratio of pay to income and the control of pay costs. It was noted that when the Strategic Framework was completed the supporting strategies would be considered and that the KPIs, including the pay to income ratio, would be reviewed.

It was agreed that in section 7

7b Newman Firmtrust Limited Financial Statements (AC 22/19)

The Committee considered the Newman Firmtrust Financial Statements for 2018/19. The CFO reported that the statutory accounts had been prepared and audited and that the only material transaction related to the payment of a retention to the University and building contractor. Following the review by this Committee the accounts would be considered for approval by the Newman Firmtrust Directors. It was likely that there would be one further set of accounts (for 2019/20) and that the company would then become dormant.

The Committee received the paper.

7c OfS Accounts Direction 2019/20 (AC 23/19)

The CFO introduced the OfS Accounts Direction for 2019/20. He explained that the OfS had published a revised Accounts Direction on 25th October 2019. The main changes were in respect of: further clarification on senior pay disclosure; new requirements relating to expenditure arising from the Access and Participation Plan; and, clarification on the adoption of the HE/FE SORP. The University expected to be compliant with the Accounts Direction for 2019/20 and future years.

account that the audit report was a snapshot at a time of cultural change in marketing at the University. The new discrete Marketing function had been in existence for only three years and previously there had not been a corporate marketing function. The Committee noted the work undertaken by the Director of Marketing in establishing and developing the work of the Marketing Office and in o 5 (]TJ3 0 Td []0.4.4 (y)3 (n)0.6 -2.-42 (e)o .4 4(e)1-0.7 (x)-]TJ

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of the recommendations made in previous years. The methodology for ascertaining the degree of implementation achieved was also noted. From the internal reports issued between 2015/16 and 2018/19 seven recommendations, all of medium significance, had been followed up. Of these seven recommendations, one had been fully implemented. Limited progress had been made in addressing the outstanding recommendations.

In discussion of the outstanding recommendations, the Committee noted that HR management had confirmed that it did not plan to implement the internal audit recommendation made in the 2016/17 HR review which related to the creation of KPIs. Committee members agreed that they would expect recommendations to be followed through or, if the recommendation was not felt appropriate, there should be a dialogue and the Committee to be advised of the reason for non-compliance. The Committee agreed that it was not content to accept the risk identified without an explanation. It further noted that in this particular case, the creation of KPIs was not funding dependent.

Action: Clerk

The Committee felt that there was a need for completion dates of recommendations always to have a realistic but firm date for completion. It also considered that the timing of reports was important.

9. Draft Audit Committee Annual Report to Council, including Reflective Statement (AC 25/19)

The Committee considered the draft Audit Committee Annual Report which is submitted to Council after the end of each audit cycle. It had to contain all the reassurances the Council was required to give to the OfS and would form part of the documents sent to the OfS as part of the Annual Accountability Returns for 2018/19.

There was a discussion about the OfS's publication of a paper in October 2019 on Value for Money (VFM), noting that the OfS's view of VFM was wide ranging and was not solely concerned with efficiency and procurement but covered teaching quality, consumer information, and, fee and funding transparency.

The Committee then considered whether it should produce a separate reflective statement. It concluded that there was not, this year, the need for a general reflective statement.

Action: Clerk

Resolved AC 21/19

To approve the Annual Report for submission to Council

The Committee thanked the Project, Policy and Governance Support Officer for her work on the report.

10. Risk Management (AC 26/19)**10a The Summary of Principal Risks**

The Committee noted and received the Summary of Principal Risks

10b Updated Risk Register as Reviewed by UOT

The Committee considered the Updated Risk Register. The Clerk advised that there were not many changes in this iteration of the Register. UOT had discussed whether to reduce the number of risks and the need to align the Register with the new Strategic Framework.

There was a detailed discussion about the risk rating of Cyber Security; given the high risks involved, Committee members were of the view that there should be a clearer rationale for the rating of green, and believed that it should be rated at least at amber. It noted that from the experience of the internal auditors in the sector, cyber security risk was not rated green. The CFO outlined the reasons management produced a green rating and this related to the risk methodology employed by the University. A high materiality event had a low probability of occurrence and this generated a low score. The Score did not reflect management attitude to this risk and this was, for example, reflected in annual audits of IT related risks by the internal audit services and recent investments in cyber related mitigation, including insurance. The Committee felt it would be useful for the University to talk to

Discussion of the Report centred on an incident which had been referred to in detail in the Report and the actions taken to see whether it was a Prevent issue. The Clerk was confident that it was not a Prevent issue and the CTU had concurred. Two other Universities had been involved and neither of them had seen it as a Prevent matter. The Committee noted that the Clerk had taken all necessary actions to verify the situation and that this process was documented.

Resolved AC 23/19

To approve the Report

12. Value for Money Report (AC 28/19)

Introducing the Report, the CFO explained that the OfS required HEIs regularly to publish clear information about its arrangements to ensure value for money (VFM). The VFM reports provided at meetings of the Committee gave evidence that VFM was being achieved. He drew attention to the OfS's VFM Strategy which had recently been published. The Committee noted that whereas the University's meaning of VFM related to procurement, the OfS's definition of VFM was much wider.

The Report was received for information.

13. Data Quality Assurance (AC 29/19)

The CFO advised of the requirement for the Committee to assure the OfS of the accuracy of the data given in the returns to external stakeholders made by the University. The paper outlined the work that the University had undertaken and the structures and processes that assisted in providing assurance.

The Committee noted the report.

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

University Senior Managers left the meeting for this item.

Neither the internal nor external auditors raised any points of concern and both were complimentary of the staff and management of the University.

15. Any Other Business

There was no other business.

16. Date of the Next Meeting

Wednesday 26th February 2020

