NEWMAN UNIVERSITY

Audit Committee

Minutes of the Meeting held
on Wednesday 27th February 2019 at 10.30am in Room ST 102.

Present:

Mr Phillip Lennon	Chair
Mr Glen Alexander	
Ms Deirdre Finucane	
Ms Julie Jones	

In Attendance:

Ms Andrea Bolshaw	Clerk to the Council
Professor Peter Childs	Deputy Vice-Chancellor
Mr Tony Sharma	Chief Financial Officer
Ms Ruth Ireland	BDO (Internal Auditors)
Mr Chris Mundy	BDO (Internal Auditors)
Mr Jim McLarnon	Grant Thornton (External Auditors)
Ms Jackie Flowers	Minute Secretary

For item 7

Ms Jude Sloan	Data Protection Project Coordinator and Data Protection Officer

The Chair welcomed Ms Jones to her first meeting of the Committee.

The Chair noted that the Vice-Chancellor was not a member of the Audit Committee but did attend meetings. In his current period of absence, the Vice-Chancellor had given full delegation to the Deputy Vice-Chancellor, Professor Peter Childs. Professor Childs was, therefore, in attendance.

1. **Apologies**

Apologies for absence were received from Professor Scott Davidson, Vice-Chancellor.

2. **Standing Item: Declaration of Interest**

There were no declarations of interest.

3. **Minutes of the Meeting held on 12th November 2018 (AC 3M/18)**

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

4.   Matters Arising from the Minutes

Minute 4.1 - Internal Audit Recommendation Tracker
The Internal Audit Recommendation Tracker was on the agenda at item 5.3 below.

Minute 5 - Review Terms of Reference of the Audit Committee (AC1/19)
The Terms of Reference had been updated following discussion and agreement at the meeting in November 2018. The updated Terms of Reference were on the Agenda for information.

Minute 7.1 Draft Newman University Accounts for Year Ended 31st July 2018
The accounts had been amended as agreed.

Minute 8.1 - Corporate Governance Audit - Vice-Chancellor's attendance
The Clerk reminded the Committee that the internal audit by BDO had advised that it was not good practice for the Vice-Chancellor to be in attendance at every meeting of the Audit Committee.   The concern was that the Vice-Chancellor's presence might influence, or might be thought to influence, the judgements of a committee whose independence was important.   The Clerk had spoken to a number of other institutions in the sector and had found that it was common practice for Vice-Chancellors to attend most meetings of Audit Committees.   The Committee saw the advantages of having the Vice-Chancellor present, although it noted that it probably was not essential for his attendance for all agenda items of every meeting and that attendance could depend on the items on the agenda; for example, it was felt important that he attend when the Committee considered the statutory accounts. In addition, the Committee valued the Vice-Chancellor's comments on the Risk Register. The Committee further noted that to preserve independence, there was the opportunity for internal and external auditors to talk to the Committee without senior University managers being present. There was also a suggestion to look at best practice outside the higher education sector.

It was agreed that the matter would be discussed further when the Vice-Chancellor returned.

Action: Clerk to the Council

Minute 8.3 - Internal Audit - Follow Up Report
The target dates for completion of recommendations had been added.

Minute 9 - Draft Audit Committee Annual Report to Council
The corrections had been made and the Report submitted.

Minute 11 - Prevent (AC 2/19)
The 'prompts' section of the report template had been completed.

The Clerk gave a report on action taken by the Chair of Council in respect of the Prevent Annual Accountability and Data Returns. A validation query affecting one of the figures submitted had arisen within the final return to the OfS on Prevent. This had become apparent after the return had been agreed by the Council on 22nd November 2018. The change was a technicality grounded within the Excel template and not material to the submission. As a result, the Clerk had made a small single

amendment to address the validation query and the Chair of Council had signed off the amendment ahead of the submission date of 3rd December 2019.

Minute 16 - Opportunity for the Audit Committee to meet Auditors without Senior Managers
At the last meeting, there had not been an opportunity for the Audit Committee to meet auditors without senior University managers present, as the external auditor was not present at that point of the agenda.   Internal and External Auditors were in attendance at this meeting and the opportunity for them to meet the Committee without the presence of senior University managers was scheduled at Agenda item 9 below.

5.   Internal Audit (AC 3/19)

5.1   Internal Audit Progress Report (Annex 1)

Mr Mundy gave an update on the delivery of the Internal Audit programme for 2018/9. Since the November 2018 meeting of the Committee, final reports had been issued for Financial Planning and Budgeting and for CMA and Regulatory Compliance. The draft reports on Cyber Security and ITE Compliance had been issued for management comment.

Following requests from the University management, some changes had been made to the delivery timetable. The Marketing audit, which was originally scheduled to start on 25th February 2019, had been deferred to May 2019 and with a proposed focus on the life-cycle spanning the development and marketing of new programmes and subsequent recruitment. The Data Quality audit was to have been focused on the University's response to the HESA Data Futures programme. However, at a national level, this had not progressed to a stage at which the impact on the University could be assessed or audited. Management had instead proposed that the audit should review controls over the TRAC preparation and submission process and this was scheduled to commence on 27th February 2019.

5.2   Internal Audit Reports:

CMA and Regulatory Compliance (Annex 2)

The Audit had reviewed the overall management framework for maintaining compliance with CMA and consumer protection law. It gave substantial assurance over the design and operational effectiveness of the controls in place to ensure the University managed its responsibilities in relation to CMA expectations and consumer protection law. A number of areas of good practice had been highlighted.

Two findings of low significance had been made. The first was to ensure that pre-contract information was given to students about costs on courses which required overseas travel/study. Management had agreed to the recommendation and it had been completed in December 2018. The second was to ensure that Faculty managers followed the defined procedures and timeframe for complaints received from students.   Management had agreed to the immediate implementation of the recommendation

Resolved: AC 1/19 To approve the Internal Audit Report on CMA and Regulatory Compliance.

Financial Planning and Budgeting Audit (Annex 3)

The Audit had reviewed the design and operational effectiveness of key controls underpinning effective financial planning and budgeting through the operation of the RAM model. It gave substantial assurance over both the design and effectiveness of internal controls. A number of areas of good practice had been highlighted.

There was one finding of low significance: the University should conduct a budget holder survey to identify any other issues that should be taken in to consideration in next year's budget. The survey could include a question to ascertain if further training on budgeting or using excel would be beneficial. Management had agreed to implement the recommendation in February 2019.

Resolved: AC 2/19 To approve the Internal Audit Report on Financial Planning and Budgeting

5.3 Internal Audit Recommendations Tracker (AC 4/19)

In 2018, the Audit Committee had agreed that an internal process should be developed to keep track of the implementation of recommendations made by internal audits. A recommendations tracker had been developed and would be updated by the UOT ahead of each meeting of the Audit Committee.

During discussion, the tracker was welcomed. However, in order to provide a full picture, the Committee asked that all outstanding recommendations from previous years be added to the tracker, even if they had been completed in the meantime Completed items could then be deleted at the end of each year, which would keep the tracker in line with the Follow-up report from the Internal Auditors.

Action: Clerk to the Council

6. Risk Management (AC 5/19)

6.1 Summary of Principal Risks

The summary was noted.

6.2 Updated Risk Register as Reviewed by UOT

The Clerk drew attention to recent changes to the Register. For Risk 5, UOT had considered that the numerical value of the likelihood should be reduced,

as there was currently a teacher shortage, which had been acknowledged by the Government, and Government policy was being directed accordingly. The Risk score was, therefore, decreased. UOT had asked why Risk 23 had been divided into a) and b) and so the Clerk had added a note of explanation that the division arose from the Gap analysis which had said that the Register needed to show that the University managed risks both to the organisation and to the individual. UOT had felt that an amber categorisation for the risk was appropriate.

The Clerk noted that there would be a full review of the Register as part of the development of the new Strategic Plan. In the interim, the current Register remained in operation. It was suggested that the review should consider whether some risks were a type of risk rather than a specific risk driver. It was noted that there would be a review of the assurance column to make it more meaningful.

Resolved: AC 3/19 To approve the Risk Register

7. Data Protection and GDPR Implementation Plan Update (AC 6/19)

In preparation for the new data protection laws (GDPR and Data Protection Act 2018) the University had commissioned a readiness assessment from BDO and a gap analysis from IT Governance. A Data Protection Project Co-ordinator (DPPC) had been employed for an 18-month period to ensure the University's data protection compliance.

The DPPC explained her current role as Data Protection Project Officer and her recent additional role as Data Protection Officer. The project had aimed to address the issues raised from the BDO assessment and from the IT Governance gap analysis. She summarised the general progress made since the start of the project, highlighting the following: there had been a cultural transformation and change of behaviour amongst staff in respect of data protection, with positive interaction between staff, herself and the Data Champions; the facilitation of data subject rights had been increased; an increase in the application of privacy principles. She felt that these factors had resulted in reduced financial and reputation risk for the University.

She reported on the specific issues below:

Personal information management - management principles and policies had been reviewed and established, many of which gave practical guidance to empower staff to act themselves. These policies and procedures were, as far as possible, on the internet for ease of access and visibility.

Improved facilitation of the rights of data subjects - more formal procedures had been developed and there had been much work on privacy notices, with a template produced so that staff could write their own privacy notices. In future, where possible the aim would be to produce generic templates to avoid proliferation. Formal procedures were now in place for the right of access and the University was working towards procedures for the right to erasure.

Communication and training – there was a rolling programme of training and 98% of staff had been trained. Visiting Lecturers and External Examiners were trained if there was no evidence that they had received training elsewhere. Updates on data protection policy and procedures were provided in the weekly University staff email. Data Protection Champions contributed to communication and training by applying and promoting data protection compliance in their areas.

Information security - data security had been tightened, with improved processes for disposing of confidential waste, for example, by the introduction of locked confidential waste bins.

Managing and preventing data breaches - there were now formal processes for staff to use when reporting a potential breach. There had been an increase in reporting and this was felt to be positive as it showed awareness of the legislation and of University processes. None of the potential breaches needed to be reported to the ICO.

The DPPC noted areas where there was still work to be completed:

Third party contracts - guidelines were being prepared and work had been done on current contracts; however, there was a backlog of older contracts.

Data protection impact assessments - assessments were being done on new projects; however, older, existing projects had not all been assessed.

Records management **–** personal data remained a weakness in respect of understanding who held data when there were multiple holders of information. The data mapping exercise was helpful here and also enabled the deletion of duplicate data which was securely held elsewhere.

The Director of IT Services was working towards the information security standard ISO27001.

The CFO noted that for the last four years there had been an internal audit of an aspect of IT Services and that consequently the Audit Committee was receiving assurance through the internal audit service.

In discussion, the Committee recognised the great amount of work completed and noted that the project had grown in size since it had started.

It was agreed that the Committee would receive a further update from the DPPC at the next meeting.

Action: Clerk to the Council

8.   Value for Money Report

Since the last Audit Committee, there were no procurements that exceeded the required threshold for a report to be submitted. Consequently, no report had been submitted for this meeting.

9. **Opportunity for the Audit Committee to meet with the Auditors, without Senior Managers (AC 6/19)**

The Deputy Vice-Chancellor, Chief Financial Officer and minute secretary left the meeting for this item.

10. **Restricted Item – see separate minute**

The internal and external auditors left the meeting for this item.

11. **Areas of Other Business**

The Chief Finance Officer informed that Committee that Grant Thornton, the external auditors, had provided support in the refinancing of the loan facility. As part of their procedures Grant Thornton had undertaken due diligence and considered no conflict of interest existed with providing support.

12. **Date of the Next Meeting**

20th June 2019

NEWMAN UNIVERSITY
COUNCIL
AUDIT COMMITTEE

Action Plan from the meeting of the Audit Committee held on 27th February 2019

Minute	Agenda Item	Action to be Taken	Person Responsible
4	Matters arising	To raise the issue of the Vice-Chancellor's attendance at a future meeting	Clerk to the Council
5.3	Internal Audit Tracker	To include previous year's recommendations on the tracker.	Clerk to the Council
7	Data Protection	The Data Protection Project Co-ordinator to attend the next meeting to give a further update.	Clerk to the Council
10	Restricted item	Item on the next Agenda.	Clerk to the Council/Chief Financial Officer