Minutes of the **Audit Committee**
Held on Thursday 21st April 2022

Present: Kathy Newman (Chair), John Arnott, Pradeep Bhardwaj, Rob Stokes

With: Stephen Horrobin, Deputy Principal Finance and Resources
                 Louise Tweedie, RSM
                 Tracy Scaife, Head of Governance

83.   Apologies for absence – received from John Dernie, Carole Kitching and Ian Hole.

The Chair welcomed Rob Stokes to his first meeting of the committee.

84.   Disclosures of Interest – none received.

85.   Minutes of the last meeting held on 30th November 2021 – agreed as a correct record.

86.   Risk management update – report by Deputy Principal Finance and Resources received and noted.

The meeting noted that a discussion had been had at the last meeting of the Resources, Integration and Change committee with regard to the risk detailed under section 5.0 financial. That meeting had felt that the risk which relates to market led exposure to material increases in both gas and electricity costs due to steep rises in unit costs belonged to that committee rather than the Audit committee due to the implications it could have on the college budget and accounts.

It was further noted that with regard to section 1.0 Recruitment, risk reference IoT 5, the Department of Education (DoE) has the right to claw back part of the £17.8m funding received from them for the Institute of Technology (IoT) project. The risk of such a material refund is seen as low likelihood but does need to be monitored regularly, and there are regular conversations with the DoE.

Concerns were raised that some of the risks are allocated to external persons/companies. All college risks must be owned by persons within the college.

The committee asked for the full Risk Register to be uploaded to GovernorHub and kept regularly updated.

The Deputy Principal Finance and Resources advised that he is working on a risk policy which will show how the risk register is developed.

RESOLUTION – that the ownership of risk 5.0 financial relating to market led exposure to material increases in both gas and electricity costs due to steep rises in unit costs be transferred from the Audit committee to the Resources, Integration and Change committee.

ACTION: SH to amend ownership of risk 5.0 financial to the RIC committee; SH to ensure all risks are allocated to persons within the college; SH to forward TS full Risk Register for uploading to GovernorHub and to provide updated versions as required.

SH & KN to complete review of Risk Policy to share with Audit Committee for endorsement and with Corporation as part of the annual review of risk appetite.

87.   Critical systems annual review/IT security annual review and update – reports by Director of Resources and Projects received and noted.

The committee felt that the reports were very encouraging and noted that a huge amount of work had been done. They were pleased to see that the core systems are broadly in place. There was a request that the replacement of the anti-virus system is done quickly and a keenness to introduce multi-factor ID for students. The Deputy Principal Finance and Resources advised that there are potential issues with the introduction of multi-factor ID for students – forgetting passwords etc. – and consideration needs to be given to the implications on students.

The committee asked to receive a copy of the full JISC report on the college's IT security systems and processes.

It was discussed that the requirements of the ESFA guidance for cyber security are seen in the sector to contain aspects that are unachievable. The committee requested the Director of Resources and Projects to advise via email if the college is on track to achieve Cyber Essentials Plus for 2022/23.

It was noted that no risks relating to cyber security are included within the top risks reported to the Audit Committee, extracted from the Risk Register. The committee asked for assurance that this is included within the full register and up to date.

ACTIONS*: IH to replace anti-virus system as soon as possible; IH to consider introducing multi-factor ID for students as soon as possible; IH to circulate JISC report to committee; IH to email committee advising if the college will meet requirements of Cyber Essential Plus for 2022/23; IH/SH to advise committee where cyber security appears in the Risk Register and ensure narrative up to date.*

88.   Internal Audit Reports –

(a)   Further Education – benchmarking of internal audit findings 2020/21 – report by RSM received and noted.

The committee asked if it would be possible to receive the report earlier in the academic year so that the insight could inform the annual report of the Audit Committee on risk management. Louise Tweedie advised that this would be possible as the report could be produced using raw data.

ACTION*: LT to provide benchmarking report 2021/22 earlier in the academic year.*

(b)   Framework for Compliance with Legal Requirements: Safeguarding and Prevent – report by RSM received and noted.

The report conclusion was 'reasonable assurance' – with two low and two medium priority management actions.

Concerns were raised with regard to some staff failing to undertake refresher training.

(c)   2.21/22 Marketing and Employability Arrangements – report by RSM received and noted.

The meeting further noted that the focus of the audit was digital marketing and how the college compares to the sector. Some work on employability was also included. The report conclusion was 'reasonable assurance' with one medium and five low priority management actions. The committee observed that this outcome appeared more positive than the update provided at the previous Corporation meeting which identified a range of improvements to be made in brand and marketing.

It was further noted that the audit tested five of the Gatsby principals and issues were found with two resulting in a medium priority management action relating to employer placements. While it is

relatively easy to establish a document saying what will be done it is not so easy to embed the required activities. Concerns were raised that the date for the completion of the action might not be achievable. The committee asked the Head of Governance to contact the owner of the risk suggesting that the date be reviewed in order to give adequate time to fully comply with the action and embed the improvements.

ACTION: *TS to write to Sharon O'Connor advising of committee concerns and suggesting completion date for action be reviewed.*

(d)   Progress Report 2021 – report by RSM received and noted.

The meeting further noted that the report is a review of progress made against the annual plan for internal audit. The report was written prior to the start of the war in Ukraine, impacts from this will occur in the future.

89.   Audit Action Log – received and noted.

The committee stated that they were discouraged by the number of actions that have revised target dates and also that they are slipping in many cases by a considerable amount of time. This to be referred to the Risk Management Group when the Group is set up, but in the meantime this should be looked at by Principalship when they consider the Risk Register.

The committee asked the Deputy Principal Finance and Resources to present a report to the next meeting to enhance the transparency of timely closure of actions, this should show simple data to show if any improvement has been made.

RESOLUTION: that the following actions be removed from the Audit Action Log –

- Resource Utilisation: Higher Education Framework 01.19/20 – reconciliation of data
- Resource Utilisation: Higher Education Framework 01.19/20 – implementation of form to request and authorise changes to the Chart of Accounts
- Governance and Risk Management Arrangements 4.19/20 – manual asset audits
- Internal Audit Report – Processes for Post 1 May 2017 Apprenticeships and study programmes – 6.19/20 – 25 January 2021 – Learning Agreements
- Internal Audit Report – Processes for Post 1 May 2017 Apprenticeships and study programmes – 6.19/20 – 25 January 2021 – Appendix A: Follow Up – Version control of CIS process documents
- Internal Audit Report – Follow Up – Revised Draft – 5.19/20 – 9 November 2020 – Financial Regulations re. procurement
- Internal Audit Report – Follow Up – Revised Draft – 5.19/20 – 9 November 2020 – segregation of procurement duties in Financial Regulations

ACTION: *Future Risk Management Group to consider audit action log, particularly target completion dates; SH to present audit action log to Principalship along with Risk Register; SH to present report to next meeting regarding the transparency of actions, giving simple data to show any improvement made.*

90.   Fraud, Irregularity and Whistleblowing update – nothing to note.

91.   Review of Outstanding Actions – received and noted.

The committee agreed that the following actions be removed from the Outstanding Actions List –

- 25.05.2021 – minute 57 – all actions
- 25.05.2021 – minute 58 – first, third, fourth actions
- 25.05.2021 – minute 60

The date relating to the action against minute 72 to be amended to December 2022.

The committee asked for a list of all mandatory training required to be undertaken by all staff including contractors and for a report showing the design of the approach taken with regard to staff training, controls in place, how checks are undertaken to ensure training has been completed and the control framework. The committee also asked the Internal Auditor to provide a list of what mandatory training they expect to see.

ACTION: TS to amend Committee Outstanding Actions List as required: HR to present report to next meeting re. mandatory staff training; LT to provide list of mandatory staff training internal audit expect.

92.   Any other business – raised as follows:

(a)   Internal and External Audit contracts – confidential minutes refer.

93.   Date of next meeting – Monday 20th June 2022 at 4.00pm