



**Minutes of the Audit Committee Meeting
held on 10 March 2021 at 5.30pm via video conference**

Present:	Kevin Moss (Chair) Janet Dean Andrew Thomas John Ennis Anna Entwistle	
In Attendance:	Lee Probert – Chief Executive and Principal Louise Doswell – Deputy CE/ Principal, Partnerships and Development David Hawkins – Vice Principal, Finance and Professional Services Elizabeth McClure – Director of Governance Owen Trotter – Governor and Chair of F&GP Andy McCulloch – TIAA Paul Cutten – ITSS Manager	
	Apologies for Absence / Declarations of Interest	Action
	Apologies: None. There were no declarations of interest.	
	1. Minutes of Previous Meeting – 2 December 2020	
	The minutes of the meeting held on 2 nd December 2020 were reviewed. <i>The Committee resolved to approve the minutes.</i>	
	2.1. Matters Arising	
	2.1 Action Summary It was noted that the majority of actions were covered under agenda items. The Chair noted that an overview of Cyber Security was on the agenda and an Internal Audit Report would also be presented when complete. The Audit Committee would continue to monitor actions and progress in this area. The Chair of the Finance and General Purposes Committee, which was responsible for Cyber Security, was in attendance.	

	3. External Assurance – Internal Audit	
	<p data-bbox="357 190 1281 264">3.1 2019-2020 Internal Audit Recommendations Implementation</p> <p data-bbox="357 302 1281 667">The Vice Principal for Finance and Professional Services presented a summary of the 2019-20 Internal Audit Recommendations and progress on implementation. It was noted that five Internal Audit reports were completed prior to the first Covid-19 lockdown. Of the recommendations, 11 had been completed, three were partially completed and three had planned actions. A date for the final follow up had yet to be planned but it was anticipated that this would take place in May or June and all actions would be completed. The Audit Committee would be updated.</p> <p data-bbox="357 705 1281 853">The Committee questioned the action to develop a Freedom of Speech policy in the context of recent Government announcements. It was noted that, at the time of the audit, this had been a low priority but was now being expedited.</p> <p data-bbox="357 891 1018 925"><i>The Committee resolved to note the report.</i></p> <p data-bbox="357 999 1281 1072">3.2 2020-2021 Internal Audit Recommendations Implementation</p> <p data-bbox="357 1111 1281 1328">The Vice Principal for Finance and Professional Services provided an update on the 2020-21 Internal Audit implementation. It was noted that there were three Internal Audit Reports on the agenda and it was positive that these had been completed so promptly. There was one medium priority action which would be implemented as soon as possible.</p> <p data-bbox="357 1366 759 1400">3.3 Internal Audit Reports</p> <p data-bbox="357 1438 1281 1657">Andy McCulloch from TIAA presented the Internal Audit Reports, noting that root cause indicators were now considered as part of the audit process. It was noted that that there had been positive engagement during all three audits and where data was potentially sensitive, it had been shared within the MS Teams group.</p> <p data-bbox="357 1695 927 1729">- Key Financials – Creditor Payments</p> <p data-bbox="357 1767 1281 2020">It was noted that the overall assessment was one of 'Reasonable Assurance'. There were some recommendations, largely relating to the completion of Purchase Orders. Aside from this, there were good controls in place for BACs payments, good segregation of duties across activities and well documented procedure notes. Direct Debit arrangements were also very good. Recommendation had been made regarding credit card transactions limits to reduce</p>	

	<p>the probability of fraud and it was further recommended that debt reporting be enhanced.</p> <p>The Committee questioned whether the system automatically noted where a PO was required. The Vice Principal for Finance and Professional Services noted that POs were always raised where required and there was no breach of the Financial Regulations. There had been some exceptions, where POs were not always raised, including for exam fees, restructuring and an insurance which went via a tender. All invoices were approved in accordance with the regulations. The Finance Manager intended to ensure a log was kept and to escalate matters where POs were not raised.</p> <p>- Funding – Apprentice Controls</p> <p>It was noted that the overall assessment was one of 'Reasonable Assurance'. It was clarified that the audit related to the apprenticeship controls required for funding, rather than being an audit of funding. The main recommendations related to progress meetings, which had not always been undertaken within the agreed timescales, and improved documentation of the procedural guidance. It was noted that there was a positive audit trail of documents and good guidance in place relating to welfare and skills.</p> <p>The Deputy Principal for Partnerships and Development noted that the findings were welcomed; new staff were in place and could focus on the recommendations. It was noted that reviews had been impacted by Covid-19 and this was now being addressed. This would not impact funding but was a quality issue that was being prioritised.</p> <p>The Committee noted that this was a challenging area and that a new influx of apprenticeships post-Covid could create stress on the controls. It was further noted that the funding agency rules change annually and it was necessary to note that apprenticeships which had started some time ago fell under different criteria.</p> <p>- HR – Recruitment and Selection</p> <p>It was noted that the overall rating was one of 'Substantial Assurance'. A couple of areas of high turnover had been identified and these tended to be areas where pay in the private sector was much more. Action had been taken to increase retention and attract the right people. There was a good segregation of duties in the recruitment and selection process and excellent recruitment software which adhered to best practice guidelines. Paperwork scored highly and was robust. There were no control recommendations but one suggestion to make better use of the analytic features on the software, which management had confirmed was being implemented.</p>	
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	<p>The Committee questioned if the audit covered matters of diversity and inclusion. It was confirmed that the audit covered advertisements and shortlisting from this angle but that there was a separate diversity and inclusion audit which looked at the College as a whole. It was noted that all shortlisting was now conducted on a 'blind' basis.</p> <p><i>The Committee resolved to note the reports.</i></p>	
	4. Internal Assurance - College Assurances	
	<p>4.1 Strategic Risk Monitoring</p> <p>The Vice Principal for Finance and Professional Services provided an overview of the Strategic Risk Monitoring report, noting that the risks were monitored by the other Committees and the Audit Committee reviewed the entire document. It was noted that there had been some confusion within the other Committees as to the meaning of the 'direction of travel' indicator and it would be useful to provide clarity on this. The Committee agreed that the direction of travel should be an overall reflection of management perception of the nature of the risk, rather than a highly specific metric. It was agreed that an executive summary cover page, providing the rationale for any change in direction would be useful.</p> <p>The Committee questioned why the 'financial sustainability risk' had been rated red when the College was not in a negative financial position. It was noted that the deficit predicted for the year and the longer-term issue of pension contributions, resulted in the red rating. If the College continued on the same trajectory, the financial rating would decrease. It was noted that a cash positive position for next year would result in a change to the rating.</p> <p>The Committee noted the Covid risk and questioned how the College was thinking about the longer-term impact of Covid-19. It was noted that the College currently felt comfortable with the Covid-19 safety measures in place and prospect of some return to normality. Further detail was awaited from the awarding bodies about the issuance of qualifications which remained a concern and could impact on progression opportunities. There was also uncertainty around new strains of the virus or an uptick in cases in the winter which could affect the College's operations.</p> <p>The Committee questioned whether continued remote working could impact other risk areas, such as fraud and cyber. It was confirmed that there had been no impact to date but that the next agenda item would provide additional detail.</p> <p>The Committee questioned the general impact of Covid-19, noting how much had been postponed as a result and how much</p>	DH

	<p>management focus had been redirected to the pandemic. It was noted that this was a potential issue, the delayed restructuring and estates strategy being examples of delays. It was noted that progress had been made but there were areas which would need to be progressed further in the aftermath of the pandemic.</p> <p>4.2 Cyber Security</p> <p>The Committee scrutinised a report from Paul Cutten, ITSS Manager, noting that this provided an update to the Committee ahead of the eight-day Internal Audit into Cyber Security which was planned for Spring.</p> <p>It was noted that during 2020, there had been a significant increase in the amount of malicious ransomware attacks on the education sector. The IT department had therefore attempted to address any vulnerabilities in the remote access systems, which began with a full review of all systems in January 2020. The infrastructure in place was positive but security was now the key priority. It was noted that:</p> <ul style="list-style-type: none"> - Multi-factor authentication was now in place, which had the potential to block 99% of attackers. - Security holes had been identified and plugged - Software had been standardized and updated - Defenses were now multi-layered - Software which detected intruders had been submitted for approval by SLT <p>It was also noted that the College was working towards achieving the Cyber Essentials certification.</p> <p>The Committee noted that a vital component of security was to ensure staff and student awareness. It was noted that emails had been sent to staff about phishing and that there was a voluntary phishing training course. The IT department were now looking at purchasing a mandatory training programme for all staff to complete annually. The Committee agreed that this was important to implement as soon as possible.</p> <p>The Committee questioned whether patching was up to date. The ITSS Manager confirmed that core products were now subject to automatic updates. Some legacy software required work but was being actively patched.</p> <p>The Committee raised the question of protection from student devices. It was noted that all staff had sophisticated remote access to the system and this had not been extended to students. However, student access was via Office 365 and there was no route into the internal structure. New systems would alert the College of any risky sign-in activity which could then be followed up with the student.</p>	PC
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	The Committee again noted the significance of the Cyber Security threat and thanked the ITSS Manager for the report. The Internal Audit would provide further detail when ready.	
	5. Policy Reviews	
	5.1 Fraud Policy The Fraud Policy was presented for Audit Committee approval. It was noted that the policy did not cover student fraud against the College; this would be a disciplinary matter. <i>The Committee resolved to approve the Policy.</i>	
	6. Other Matters	
	6.1 Additional Services from Audit Providers There had been no additional services provided. 6.2 GDPR The Deputy Principal for Partnerships and Development noted that actions from the June 2020 update to the Committee had been addressed. The DPO had now left and SIRO would leave in May. The recruitment for these positions was being prioritised. GDPR fell under the remit of the Finance and General Purposes Committee, where it was scrutinised in detail.	
	7. Key Meeting Outcomes and/or Actions	
	7.1 Matters for reporting to the Governing Body (if any) <ul style="list-style-type: none"> - Clarity on the risk report direction of travel - Cyber Security progress 	
	8. Any Other Business	
	There was no further business.	
	9. Date of Next Meeting – Monday, 21 June 2021	
Signed	Approved remotely as an accurate record – 21 June 2021	
Name:	Kevin Moss (Chair)	
Date:		