

**Minutes of the Audit Committee Meeting
held on 21 June 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&G Andy McCulloch – TIAA Peter Harrison – TIAA Richard Lewis -RSM Paul Cutten – ITSS Manager	
	Apologies for Absence / Declarations of Interest	Action
	There were no apologies for absence. There were no declarations of interest.	
	1. Minutes of Previous Meeting – 10 March 2021	
	The minutes of the meeting held on 10 March 2021 were reviewed. <i>The Committee resolved to approve the minutes.</i>	
	2.1. Matters Arising	
	2.1 Action Summary The action summary was noted; the majority of items had been completed or were substantive agenda items. 2.2 Any other matters There were no other matters raised.	
	3. External Assurance – Internal Audit	
	3.1 2019-2020 Internal Audit Recommendations Implementation It was noted that there were only two items outstanding from the 2019-20 Internal Audit Recommendations. One related to IT and	

	<p>was due to be presented to SLT. One related to HE and would be presented to the Governing Body.</p> <p><i>The Committee resolved to note the report.</i></p> <p>3.2 2020-2021 Internal Audit Recommendations Implementation</p> <p>The Committee reviewed the 2020-21 Internal Audit Recommendations Implementation. All Internal Audits for the year had now been completed, with positive results and useful advice provided. The audits had been completed in a much shorter period than usual, which had impacted on the pace of implementation of all recommendations. Work on 21 of the recommendations was yet to start; eight had action planned; one was partially completed and eight were complete. It was noted that the advisory recommendations from the Cyber Security review were responsible for a large proportion of the actions.</p> <p>TIAA confirmed that an opinion statement would be supplied after 31st July and would be positive.</p> <p><i>The Committee resolved to note the reports.</i></p> <p>3.3 Internal Audit Reports</p> <p>-Cyber Security</p> <p>The Committee reviewed the Cyber Security Maturity Assessment, which considered how the College's level of maturity across systems aligned to national cyber security levels. The levels were noted; level two would be a minimum requirement and level five demonstrated maturity. The College had scored level five in four of the ten areas assessed. The lower scores were noted and there was one area at level one: removable media controls. This was already being addressed and the Committee were asked to note that the assessment considered one period of time; the College already had a significant cyber security action plan which was being implemented constantly. It was confirmed that the auditors had no major concerns about Cyber Security.</p> <p>The Committee underlined the need to ensure that the Committee and Governing Body were aware of the position on Cyber Security. A document outlining the approach to managing the cyber risk, all actions required and a timetable for achieving them was required. It was key that a clear strategy was articulated. It was noted that there was currently a 70-point action plan in place; this plan was 'live' and was enhanced as new requirements came to light. There had been a focus on investment in new tools and cyber security took a significant amount of the IT Team's time.</p>	<p>DH/LP</p>
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	<p>The Committee noted the importance of an incident response and recovery plan, alongside defensive measures. This was being developed, as were mandatory staff training and awareness programmes.</p> <p>TIAA confirmed the need to ensure a clear action plan, adequate resources and a link to the risk register. It was further noted that most recent attacks in the sector had arisen from user error and therefore staff training was vital.</p> <p>It was confirmed that the cyber risk would remain a 'red' risk, despite the positive assessment as the risk needed to remain utmost in the Governing Body's perception. The perceived inevitability of an attack was noted and discussed.</p> <p>The Principal confirmed that the College was also seeking independent scrutiny of the maturity assessment and the action plan from a local University and JISC. The Principal confirmed that a huge amount of time and resources was being dedicated to cyber security.</p> <p>It was agreed that it was the responsibility of the Finance and General Purposes Committee to approve the implementation plan for referral to the Board.</p> <p>-Learner Support Funds</p> <p>The Committee considered the Internal Audit report for Learner Support Funds which had received a rating of 'reasonable assurance'. The process was highly manual and therefore susceptible to human error or fraud. There were some key recommendations made to improve this.</p> <p>The Committee questioned how much money was processed and why it was so manualised. It was confirmed that it amounted to around £200k but was comprised of very small amounts, with the majority being free school meals. There was a very small administrative team responsible for the department and therefore segregation of duties was challenging. Retrospective checks had been conducted and there was no evidence of any fraud; significant issues would have been flagged via allied audits in other departments.</p> <p>The Committee noted a carry over of £42k. It was confirmed that this was quite usual; there were strict rules on how the money could be spent and if it was not spent, it remained on the balance sheet.</p> <p>The Committee noted evidence of some lack of administrative discipline and questioned where this could be a wider cultural issue. It was confirmed that this aligned with the student</p>	
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	<p>experience element of the strategic plan There were some areas of student services which required improvement; the College was aware of this, hence the audit and the appointment of a Director Student Experience.</p> <p>-Follow up</p> <p>The Committee noted the follow up review. TIAA confirmed that of the 33 recommendations reviewed, 27 had been satisfactorily implemented. One recommendation had been considered but had not been implemented and the auditors were happy with that decision. The five outstanding recommendations would be implemented and action had commenced. It was noted that, compared to many, the implementation rate was very good, especially considering the impact of Covid.</p> <p>-GDPR</p> <p>The Committee reviewed the Internal Audit Report for GDPR. The rating was one of 'reasonable assurance'; there were four important recommendations and two routine. The areas requiring improvement related to documentation, consent, automation of processes and CCTV usage.</p> <p>The Committee noted the end of July deadlines for many of the actions. It was confirmed that it was expected that these would be achieved, and some were allied to ongoing actions in other areas.</p> <p>It was noted that the new DoG role would include DPO responsibility.</p> <p>3.5 Internal Audit Plan – 2021-2022</p> <p>It was noted that the Internal Audit would be spread more evenly across the next year due to the easing of Covid restrictions and that ideas for areas of audit were welcomed from the Committee. It was noted that the College hoped to use the Internal Audit function to add value and therefore look into areas of potential weakness or concern.</p> <p>The Committee discussed possible areas for Internal Audit to review, including Safeguarding, Estates and Finance. It was noted that the construct of the study programme could be a useful area for review as the ESFA were focusing on study programme hours. It was agreed that staff turnover, development and succession planning could also benefit from IA scrutiny, as could business continuity generally.</p> <p>It was agreed that the Vice Principal for Finance and Professional Services would work with TIAA to develop a plan, which would be circulated to the Committee when complete.</p>	DH
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	<i>The Committee resolved to note the Internal Audit Reports.</i>	
	4. External Assurance – Financial Statements Audit	
	<p>4.1 External Audit Plan and Fee</p> <p>Richard Lewis presented the External Audit Plan, setting out the work to be undertaken, approach to materiality and the timetable. It was noted that the ESFA accounts deadline had now returned to 31 December, though another extension was a possibility if there was further pandemic disruption. The auditors hoped to deliver the audit on site as far as possible. It was noted that recognition was a key area of focus, as were pensions and going concern status. It was noted that income was likely to be a regulatory focus and funding audits may become more frequent.</p> <p>It was noted that fees had not yet been agreed; the auditors were meeting with the ESFA to ensure that fees remained appropriate and the College would be informed of the outcome.</p> <p>It was noted that there was now a requirement that the whole Board engaged with the auditors. There were different ways to comply but it was agreed that auditor attendance at the Governing Body would be appropriate.</p>	LP
	5. Internal Assurance – College Assurances	
	<p>5.1 Strategic Risk Monitoring</p> <p>The Committee noted that addition of an executive summary to the risk monitoring report which provided rationale for the direction of travel. The Committee welcomed the new format but noted that it would be useful to further understand the interaction between the risks and the risk mitigation; how much would the mitigating action reduce the risk. It was agreed that the document would be further developed and could be discussed with the Chair outside of the meeting.</p> <p>It was noted that an additional Committee meeting would be added to the schedule of meetings for the next year. This would facilitate ‘deep dives’ and allow risk owners to attend and discuss their area in more detail.</p> <p><i>The Committee resolved to note the report.</i></p>	DH
	6. Policy and Other Matters	
	<p>Policy Reviews</p> <p>6.1 Financial Regulations</p> <p>It was noted that the Financial Regulations Policy had been developed extensively over the past few years. One change was now proposed to facilitate electronic approvals.</p>	

	<p><i>The Committee resolved to recommend the policy for approval by the Governing Body.</i></p> <p>6.2 Risk Policy</p> <p>It was noted that the policy had not been changed but was submitted for annual review.</p> <p><i>The Committee resolved to approve the policy.</i></p>	
	7. Other matters	
	<p>7.1 Additional Services from Audit Providers</p> <p>The Vice Principal for Finance and Professional Services confirmed that RSM had conducted a VAT review; a paper was being finalised and would be submitted to the Committee when complete. There had been some minor issues identified.</p> <p>It was noted that an audit of subcontracting would also be required; this was mandatory was subcontracting exceeded £100k.</p> <p>7.2 Review of Internal Audit Service Performance</p> <p>The Vice Principal for Finance and Professional Services confirmed that the Internal Audits had gone well; the auditors were challenging but also understanding of management response. It was noted that TIAA were clear that funding audits were not their area of expertise and therefore the College did have to be conscious of this when selecting audits. Andy McCulloch confirmed that there had been openness and transparency from all auditees.</p> <p>7.3 2020-21 Regularity Self-Assessment Questionnaire</p> <p>It was noted that the questionnaire had yet to be received but that the Audit Committee would be informed when this had progressed.</p> <p>7.4 Committee Terms of Reference</p> <p>The Committee reviewed the Terms of Reference, which were subject to minor amendment.</p> <p><i>The Committee resolved to approve the Terms of Reference for recommendation to the Board.</i></p>	DH
	8. Key Meeting Outcomes and/or Actions	

	8.1 Matters for reporting to the Governing Body (if any) <ul style="list-style-type: none"> - Terms of Reference - Chair's report to summarise discussions 	
	9. Any Other Business	
	There was no further business.	
	10. Date of Next Meeting – Wednesday 15th September 2021	
Signed	Approved remotely as an accurate record – 15 September 2021	
Name:	Kevin Moss (Chair)	
Date:		