

**Minutes of the
Audit Committee
Thursday 18 November 2021
Video Conference- Microsoft Teams
4pm**

Present: Mark Lawson (Chair)
Dennis Buckley
Andy Ellis
Luke Ferebee

In attendance: Patrick Clark (PC) (ICCA) (Internal Auditors)
Mark Eagle (ME) Macintyre Hudson (Financial Statements Auditor)
Maddy Govier (MG), DPO
Pat Jones (PJ) Executive Director of Finance
Em Lowe (EL) (Vice Principal)
Ian Pryce (IP) Principal & CEO
Stephen Walker (SW) Technical Accountant
Rachel Nicol (RN), Director of Governance & Clerk to the Corporation
(Minutes)

AC/25/21 Apologies for absence

There were no apologies for absence.

AC/26/21 Declarations of Interest

There were no declarations of interest relevant to the matters on the agenda.

AC/27/21 Matters arising not covered elsewhere on the agenda

The Committee endorsed the proposal that Dennis Buckley would take the role of Committee Vice Chair.

The order of agenda items was outlined.

AC/28/21 Internal audit annual report

Patrick Clark presented the Internal Audit Annual Report.

The report confirmed that for the year to 31 July 2021 reasonable assurance was given on the adequacy and effectiveness of the Group's governance, risk management and

internal control arrangements with no major weaknesses identified. It was confirmed that reasonable assurance is the best grade that can be achieved.

A summary of assignments undertaken and recommendations made during the year was provided. Assurance was given that the number and level of recommendations is slightly lower than average when benchmarked against similar colleges.

It was confirmed that there was no deviation from the plan with the actual number of days aligning with planned days.

Annex D provided a summary of performance against the KPIs.

The difference between reasonable, limited and substantial assurance was explained and it was confirmed as a subjective judgement, dependent on views taken regarding different aspects of the audit work.

The Committee recommended the report to the Corporation for noting.

AC/29/21 Progress of 2020-2021 plan and recommendations

The Committee noted positive progress. All audits planned had been completed and no outstanding recommendations were noted.

The report was noted.

AC/30/21 Internal audit reports

The Committee considered a number of internal audit reports including:

HR & payroll – Substantial assurance received with good design and good application and compliance noted. Recommendations centered around the need to review the expenses policy and further work to eliminate remaining paper-based processes.

The Committee was pleased to note the positive report and the smooth transition to one service.

Learner support – The scope of the audit and purpose was explained in terms of identifying needs, to plan support and then be able to reconcile costs with funds received and work with local authorities. Reasonable assurance was received with confirmation of good design and adequate application and compliance.

Assurance given that recommendations had been accepted and already implemented.

The reports were noted

AC/31/21

Appointment of Internal and External auditors

All representatives from current internal and external auditors left the meeting for this item

The Executive Director of Finance presented the report setting out a proposed tender timetable for both the appointment of the financial statements' auditors and the internal auditors.

Assurance was given that even in the event of a postponement the College would not be in breach of the requirements of the Post 16 Audit Code of Practice.

The Committee confirmed their support for the recommendation to the Board of the proposed time table, which included a potential to postpone the timetable for 12 months in the event of significant structural changes.

AC/32/21

Financial Statements Audit Management Letter

The Financial Statements Auditor presented the Management letter and highlighted to the Committee:

The overall position in terms of income for different strands of provision and related costs, treatment of asset disposed of and the debtor position, in particular relating to a partner university.

The scope of the audit work was outlined and no going concern issues had been identified.

The Committee discussed the pension position and ***it was confirmed that the brackets had resulted from a typographical error and would be amended.***

The Committee sought, and was provided with, assurance on the independence and expertise of those carrying out the actuarial work around pension adjustments. The auditor confirmed their satisfaction as to the position and it was confirmed that reviews are carried out by the local authority and a 2nd actuary.

The outstanding notes for completion were highlighted, including HE analysis and assurance was given that this will be in time for the Board meeting

Subject to the need to review any findings from the current Education & Skills Funding Agency ("ESFA") funding audit the auditors confirmed no material issues had been identified.

On that basis the Committee confirmed they were content to recommended the Management Letter to the Board.

AC/33/21 Statement of Corporate Governance and Internal Control

The report was presented.

The Committee confirmed that, subject to any amendments proposed by the financial statement auditors in finalisation of the accounts, they recommended the Statement to the Corporation for approval.

AC/34/21 Regularity Self-Assessment 2020-2021

The Executive Director of Finance outlined the process followed and the conclusions reached. The Financial Statements Auditor confirmed no areas of irregularity had been identified.

The Committee confirmed their recommendation to the Corporation to approve the Regularity Self-Assessment and to authorise the Chair to sign it on their behalf.

AC/35/21 Audit Committee Annual report and self-assessment

The Chair outlined the review he had undertaken against the Charter established for 2020-2021. The report had been developed in line with ESFA expectations on content and to include the results of the evaluations of the Internal and External Auditors and the Committee's self-assessment.

The Chair and the Director of Governance will work to finalise the report and it will be recirculated to the Committee prior to being submitted to the Board.

AC/36/21 Key Risk and Opportunity review

The report was presented by the Executive Director of Finance with risks noted to be increasing around external inspection and assurance requirements but with no risks with a residual score over 15.

The Committee discussed the potential benefits of being able to review in more detail the comparison between residual and inherent risks. ***The Executive Director of Finance agreed to review this but will look to balance potential benefits with the risk that "too much data" could detract from the overall focus on key risks.***

Opportunities, management of confidential discussions around strategic options and relevant references in the register were discussed. Access to the register is noted to be wider than the executive and therefore some opportunities had not been noted whilst information remains confidential and commercially sensitive.

The Committee noted that the Executive are continuing discussions on appropriate presentation of risks and opportunities.

The Committee asked for an update on documentation of a Risk Policy covering the new format including opportunities. Assurance was given that a risk management strategy and guidance are in place but are being reviewed. **An offer was made of external assistance to review an updated draft was made (The Executive Director of Finance will review).**

AC/37/21 Update report from Data Protection Officer

The DPO, appointed to the Group in August following a move to bring data protection in house, attended to present her report.

The DPO highlighted progress against previous recommendations, the risk based approach being taken and outlined current work priorities including completion of a gap analysis around the accountability framework to give a holistic view of the College's approach to data protection and work to ensure arrangements with third parties are robust.

Other highlights and discussion centered around:

-Data on the reporting of breaches, corrections and subject access requests, trends being seen, severity, nature, timely follow up and numbers in the context of overall transactions. Reporting is considered to be positive and teams receive appropriate training.

-Structure of internal operations including collaboration between teams, quarterly meetings and reporting and mandatory training and compliance levels.

-The development of a holistic Information Management approach incorporating FOI and information security as well as data protection

-The appropriateness of the level of resource applied, investment had increased with the appointment of the DPO providing greater expertise and support across the Group but will continue to be monitored.

The Committee noted that an internal audit is planned on data protection in the current year. **It was agreed that the Executive Director of Finance will work with the DPO on the scope to ensure that there is no duplication with the gap analysis and that the focus adds value to the work being carried out.**

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AC/38/21 College Continuity update

The Vice Principal responsible presented an update following the internal audit carried out in the previous year.

Work had continued closely with estates and health and safety leads but with the overarching strategy widened to promote the focus on continuity of education and support for students. The Committee supported this approach.

The work of the internal response group was summarised and the Vice Principal outlined the differences between the development of College continuity and Response strategies (the latter having a focus on the immediate management of particular incidents).

Further work is being carried out on IT continuation. It is recognised that the risks around cyber security require careful management and play a key role in the continuation of education. The Committee discussed generally the approach to cyber security, the support provided by agencies such as JISC and appropriate assurances.

It was noted that a cyber security internal audit is planned in the current year but further penetration testing will also be looked at.

The Committee noted the update.

AC/39/21 Minutes and action log

The minutes of the meeting on 12 June 2021 were agreed as an accurate record of the meeting.

AC/40/21 Next meeting

The next meeting will take place on Wednesday 2 March 2022.