

Agreed Minutes

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Held on Friday 12th March 2021 at 9.00am

Present: Simon Enoch (Chair), Lynn Reddick, Lamé Verre

Observer: Graeme Hodge (Staff Support Governor)

In Attendance: Frances Rutter (Principal), Maria Vetrone (Deputy Principal, Finance & Resources), Lorna Raynes (Internal Auditors RSM), Sandra Dessent (Clerk to the Corporation)

14.20	1.0 Apologies for Absence
	No apologies for absence were received.
15.20	2.0 Declarations of Interest
	Lynn Reddick declared her interest as an FE SEND consultant.
16.20	3.0 Minutes of the Meeting held on 4th December 2020 and Matters Arising
	<p>The minutes of the meeting held on the 4th December 2020 were agreed as a true record and signed by the Chair.</p> <p>The Chair welcomed Lamé Verre to the Committee.</p> <p>Matters arising were as follows:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Amend Risk 24 on the Strategic Risk Register to reflect the low financial materiality of commercial activities at the College with a view to down grading the risk scores.</p> <p>Complete. See minute 19.20</p> </div>
17.20	4.0 Internal Audit Assignments and Other Reports
	<p><u>4.1 FE Benchmarking Report</u></p> <p>The Internal Auditors shared a benchmarking report which provided a comparison against the numbers of actions agreed and the assurance opinion provided in similar audits performed across the sector.</p> <p>It was noted the audit work for 2019/20 was completed in part during the disruptive periods caused by the Covid-19 pandemic and it was recognised that the annual opinions did not fully reflect the situations that arose in the final parts of the year, which had impacted the operations and risk-profiles.</p> <p>The report showed that the College had compared well against others in the sector and the Chair congratulated the management team for the positive result and their efforts acting on recommendations which were reflected in the encouraging results.</p>

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	<p><u>4.2 Progress against Internal Audit Plan 2020/21</u></p> <p>The Internal Audit plan was agreed at the Audit Committee on 13th July 2020.</p> <p>It was noted that whilst Covid-19 restrictions had slowed progress, it was anticipated that the Audits would be completed by the end of July 2021.</p> <p>The progress was reported as follows:</p> <table border="1" data-bbox="386 489 1351 1066"> <tr> <td>IT Follow Up</td> <td>To be arranged</td> </tr> <tr> <td>Staff Deployment</td> <td>Deferred to 2021/22 due to not being able to carry out the necessary spot checks and uncertainty as to when they could resume</td> </tr> <tr> <td>Governance</td> <td>Started 8th March 2021</td> </tr> <tr> <td>Key Financial Controls</td> <td>Started 8th March 2021</td> </tr> <tr> <td>Learner Number Systems</td> <td>Started 8th March 2021</td> </tr> <tr> <td>Follow Up</td> <td>Started 8th March 2021</td> </tr> <tr> <td>HR Health Check</td> <td>Start date to be arranged</td> </tr> <tr> <td>HE Data</td> <td>Start date to be arranged – It is proposed to complete in response to the actions raised by the OFS audit</td> </tr> </table>	IT Follow Up	To be arranged	Staff Deployment	Deferred to 2021/22 due to not being able to carry out the necessary spot checks and uncertainty as to when they could resume	Governance	Started 8 th March 2021	Key Financial Controls	Started 8 th March 2021	Learner Number Systems	Started 8 th March 2021	Follow Up	Started 8 th March 2021	HR Health Check	Start date to be arranged	HE Data	Start date to be arranged – It is proposed to complete in response to the actions raised by the OFS audit
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18.20	5.0 Management follow up of Internal Recommendations																
	<p><u>5.1 NESCOT Follow Up Schedule</u></p> <p>A report was presented which included details of follow up internal audit recommendations from previous years including 2019/20. It was noted that all audit recommendations had been implemented or superseded and worksheets closed for all years except for 2019/20.</p> <p>It was reported that there were 16 audit recommendations raised in 2019-20 from the delivery of the Annual Internal Audit Plan, all agreed for management action. Twelve of them had been implemented; three were in the process of implementation in the areas of staff performance review and Health & Safety; and one was to be arranged related to subcontracted apprenticeship provision. Whilst the importance of implementing the recommendation was recognised the Committee was advised that that achievement rates had significantly improved and the data would be presented at the Corporation meeting on 26th March 2021.</p> <p>It was noted that none of the recommendations were categorised as 'High' priority.</p> <p>There were no finalised audit reports for 2020-21.</p> <p><u>5.2 IT Strategy Review – Follow up Schedule</u></p>																

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	<p>The IT Strategy Review had been commissioned by Governors to provide the Audit Committee and the Corporation with independent assurances regarding the robustness of the College’s IT Strategy; the current state of the IT infrastructure; and events leading up to the cyber-attack in October 2018 and how it was managed by the College.</p> <p>A report was shared which concluded that most of the work had been carried out and there were two outstanding recommendations.</p> <p>The Chair emphasised the importance of keeping the net risk ‘high’ on the Strategic Risk Register until the work was completed, as IT was the backbone of the business and a robust network was of utmost importance.</p>																		
19.20	6.0 Risk Management & Assurance Framework																		
	<p><u>6.1 Strategic Risk Register</u></p> <p>The purpose of this report was to provide an update on the Strategic Risk Register and highlight movements in net risk since the last report, alongside mitigating management action plans.</p> <p>A summary of the risks was presented as follows:</p> <table border="1" data-bbox="386 884 1351 1203"> <thead> <tr> <th>Net Risk Category</th> <th>No of risks in category last report</th> <th>No of net risks in this report</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>3</td> <td>3</td> </tr> <tr> <td>Acceptable</td> <td>11</td> <td>12</td> </tr> <tr> <td>High</td> <td>6</td> <td>7</td> </tr> <tr> <td>Significant</td> <td>6</td> <td>5</td> </tr> <tr> <td>Totals</td> <td>26</td> <td>27</td> </tr> </tbody> </table> <p>The additional risk considered ‘significant’ related to the loss of full cost recovery income targets from self-funded courses which could lead to the failure to achieve financial targets, loss of sustainability and failure to achieve the College’s key strategic priorities.</p> <p>The budget for 2020/21 was £2.1m and the latest forecast predicated an underperformance of £700k. It was noted that the Rebuild programme would help to address the shortfall although at the time of the meeting it was not known to what extent.</p> <p>The Committee discussed the five ‘significant’ risks on the Register and the mitigating actions in place. Members were assured that they were regularly reviewed by the senior management team to ensure effective implementation of measures to reduce the risks.</p> <p>It was noted that there had been a 1% favourable change in the College’s overall strategic net risk profile since November 2020 and 7% over the past twelve months.</p> <p>Risk 25 on the spreadsheet relating to income targets for commercial activities was reduced to ‘acceptable’ to reflect the low financial</p>	Net Risk Category	No of risks in category last report	No of net risks in this report	Low	3	3	Acceptable	11	12	High	6	7	Significant	6	5	Totals	26	27
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	<p>materiality of commercial activities at the College as discussed at the previous meeting.</p> <p><u>6.2 Assurance Map</u></p> <p>The Committee received the Assurance map and covering report (March 2021 update) which highlighted the following:</p> <ul style="list-style-type: none"> • The Assurance Levels were 'High' for 24 of 27 strategic risks (23 of 26 at the last report to the Audit Committee). This meant that the Audit Committee, and the Corporation Board, could continue to take a high level of assurance and confidence from the College's assurance framework and risk management processes. • The Audit Committee could take a 'Medium' level of assurance for the risks related to the impact of COVID-19 on the College's business; adverse changes in government policy and the external environment; and the sufficiency of management capacity at the executive leadership level. It was noted that these risks would benefit from additional and independent 3rd line defence assurances. • There is an adversity on the risk relating to the processes and systems for the management of student data in the 3rd line of defence. The recent OfS HE ILR Data Audit report provided no assurance. However, Audit recommendations were raised and were being implemented by management. <p><u>6.3 Covid-19 Risk Register</u></p> <p>The Committee received the updated Covid-19 Risk Register which detailed 22 risks and the mitigating management actions. There was one additional risk relating to the implementation of mass testing of students and staff. However, it was reported that the testing programme was running smoothly and 75% of students had participated at the time of the meeting.</p> <p>The Committee discussed the high risks and noted progress, and it was recognised that the relevant controls were in place to mitigate the impact of the third lockdown.</p>
20.20	7.0 Fraud Report
	<p>The Committee was informed that no incidents had been identified since the last update.</p>
21.20	8.0 Health & Safety
	<p>The Committee received the Health & Safety Report covering the Autumn term 20/21.</p> <p>The report covered the following areas:</p> <ul style="list-style-type: none"> • Update on implementation of Audit recommendations • Health & safety matters related to Covid-19 (including testing) • Fire safety management

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	<ul style="list-style-type: none"> • Accident reporting • Incident reports • Security reports (including the recent theft of catalytic convertors and the actions in place to mitigate the risk of further thefts).
22.20	9.0 Any Other Business
	<p><u>9.1 Review of Register of Interests Guidance</u></p> <p>The Register of Interests Guidance, which is sent out annually with the Register of Interests form, had been reviewed to ensure it was compliant with the most up to date regulations.</p> <p>The revisions included amendments to updated policy references and the addition of the statement regarding the requirement to include the declarations for related parties such as close family members.</p> <p>Having reviewed the amendments, the Committee approved the Register of Interest Guidance subject to adding a note clarifying the scope of ‘dependents’.</p> <p>There being no other business the meeting concluded at 10.35am.</p>
23.20	10.0 Date and Time of Next Meeting: Monday 12th July 2021 at 9.00am (to be confirmed)

Decisions:

1. The Committee approved the amendments to the Register of Interest Guidance subject to clarification on the scope of ‘dependents’.