

AUDIT COMMITTEE MEETING
Thursday 8 July 2021 at 5.00pm
MINUTES

Present: Chairman: Andrew Gregory

Members: Gareth Bullen Jason Saunby

Also present: Phil Rumsey, Principal (by invitation)
Tania Exley-Moore, Assistant Principal (by invitation)

Heather Campbell, Clerk to the Corporation

Present remotely: Lesley Clemmet, Director of Finance & Resources (by invitation)
Angela Ingham, External Auditor for Item 7
Wayne Brown, Internal Auditor for Item 6 a) and b)

1 **Apologies for absence**

No apologies received and the meeting was quorate with 3 members being present.

2 **Declaration of any personal conflicts of interest**

None.

3 **Minutes of the previous meeting.**

a **Agree minutes.**

The Minutes of the meeting held on 17 March 2021 were approved at the 20 April 2021 Corporation. Members noted the minutes with no matters raised.

b **Updates from Clerk or College Management** – None raised.

c **Action previously agreed.**

The Chair noted all actions in the Actions Agreed report were complete.

d **Matters arising not covered in agenda below**

None raised.

4 Receive Termly Risk Management Summary Report

- a) Annual CMT Risk Management and Business Assurance Report 2020-21

The Chair invited the Principal to take members through the report.

The Principal advised that following an internal audit and consultation with other college Principals, the current strategic risks will be rewritten in a new format, including a numerical score before and after controls are implemented. SSR1 has been updated and rewritten in the new format for consideration and approval by members. Once approved the plan is SSR 2-7 will be rewritten into the new format and plus a new SSR 8 covering Cyber Security, reviewed by management by 1 September 2021. Then reviewed and updated annually with a mid-year review in February with the Audit committee.

Members noted the Annual report and no matters raised.

- b) Strategic Risk Register 2020-21

The Principal advised he had pulled together the new Strategic Risk Register and includes suggestions from the Internal Auditor on adding and briefly took members through the register.

A member commented that the new Strategic Risk Register is similar to the ones he has used in industry and is much easier to understand than the old version.

The Chair suggested it would be helpful to have the owners initials replaced with their names for ease of recognition by the committee or some index providing the same information. In addition, it would also be useful for the committee to be provided with an update on the progress being made with the key controls sources for assurance. For example feedback on how the liaison with local schools has progressed. Is the local demographic prediction model "accurate"/up to date. In the sources of assurance, for example outcome to the annual review of the accuracy of the predictor model. He asked the Internal Auditor if he had any comments on the new risk register.

The External Auditor commented that by adding the scoring this could be fed into a scoring matrix to identify the next level of risk. He suggested letting the new format settle in and in a year's time look at the maturity of the risks. It would also be helpful to capture any actions agreed and he was happy to discuss with the Principal any suggested updates to the format.

The Principal agreed that would be helpful and he will contact him in the near future.

ACTION AGREED

Principal to catch-up with Internal Auditor in the future.

The Chair asked members if they were happy with the new format of the Strategic Risk Register going forward.

Members confirmed they approved the new format.

c) Results of Annual Staff and Student Risk Management Survey June 2021

The Principal referred to the survey analysis and noted that response rates this year were similar to every other year with 31 staff and 24 students completing the survey. The majority of respondents (staff and students) confirmed they were not aware of any new risks or other areas that could have an impact on the College. There were 4 comments from Staff and 2 from students, with no major concerns raised.

The Chair asked members if they had any questions or comments.

The Chair member commented that it would be interesting to know if it was the same staff every year.

The Principal advised he would give feedback to the staff and students on the outcome of the survey.

A member noted that with most surveys is it mainly the individual's personal view.

There were no further comments.

5 **S6F Follow Up Schedule as at 9 June 2021**

The Assistant Principal advised that with the help of the Internal Auditor manager, a simplified Follow Up Schedule has been produced, which she will regularly monitor, update with the Internal Audit reports and follow-up progress with the manager responsible for implementing the recommendations. She took members through the spreadsheet noting the following:

- Much easier to see progress now
- Outstanding recommendations from previous years – when she and the Internal Auditors drilled down, a lot of them have been completed so there were less than originally thought
- Use the schedule to double check that implementation dates are on track or completed
- DGPR recommendations are all implemented and ready for testing in the Autumn term
- Cyber Security Audit is now underway
- Disaster Recovery – IT/MIS is progressing with this and their Line Manager is confident they will meet the dates that have been set
- Finance audit have a couple of outstanding but Director of Finance will complete these once she has funding submission out of the way (31 July 2021)
- Overdue tab – noted there were none
- Asset tagging of College devices – all of these are underway and the Director of Finance has put a cap of £250 on this due to the high cost of tagging equipment
- Site Security Audit days have been cancelled as management carried out a Site Security Planning in 2020 and the days re-allocated to next year

The Chair noted that this is a lot better than the previous 2 conflicting Schedules of Outstanding recommendations given to the committee. He thanked the Assistant Principal for her hard work and the Principal for putting in the resources of using the Assistant Principal to oversee Internal Audit and the Audit manager for his support.

The Chair raised that one of his main concerns was the outstanding IT Disaster Recovery Plan from 2017 where the recommendations was to produce a paper copy but the manager responsible said this was not necessary as IT would be cloud based. The Chair wants assurance that the IT Disaster Recovery Plan is now being addressed.

The Assistant Principal advised that the IT Disaster Recovery Plan audit has started and the IT Manager and team now working with an auditor from audit AuditOne to streamline the plan.

Chair asked if the original date the recommendation/report was issued/raised by the internal auditor can be added to the new Schedule so the committee can keep an eye on progress and how long something is taking, especially if a new date is set for completion.

The AP confirmed she will add this date to the spreadsheet.

The Audit manager confirmed that the original date of the recommendation will stand and only the revised dates will change if they are needed.

A member commented that it was good to have a member of the senior team keeping on top of recommendations and chasing the managers responsible for them.

The Assistant Principal advised the audit plan 5 year cycle has been revised to allow current senior management ownership of what areas are audited. She also highlighted that the College uses a NYCC Health & Safety Advisor who carries out an extensive H&S audit of the College twice a year (February and October) and proposed to the committee that we continue to use NYCC for H&S Audits rather than doubling up by using AuditOne and incurring extract costs.

The Chair and members agreed to the continuation of the NYCC Audits of H&S and the Chair asked that the reports are shared with the committee.

The AP highlighted the Internal Audit days planned for the next academic year are:

- 3 days Budgetary Control as planned
- 3 days on Payroll – this has been brought forward
- 3 days Additional Learning Support to replace Curriculum Planning
- 3 days Personnel Recruitment & Induction
- 4 days Mobile Computing and Security as planned
- 3 days extended from 1 days for Auditors to follow up
- 4 days Audit administration as normal
- 23 days in total

Chair and members agreed they were happy with the 5-year cycle and noted was subject to change.

ACTION AGREED

Clerk to ensure NYCC Health & Safety Audit Reports come to the Audit committee.

6 Discuss AuditOne Internal Audit Progress Report

a) Internal Audit Progress Report

The Chair invited the Internal Audit manager to take members through AuditOne's Internal Audit Progress Report.

The Internal Auditor referred to the Report and gave a verbal updated covering the following:

- Introduction
- Progress against the 2020/21 Annual Internal Audit Plan since the last committee meeting in March 2021
- Changes to the 2020/21 Annual Internal Audit Plan
- Annual Audit Plan for 2020/21 status

He asked if there were any questions members wanted to raise.

Members noted the report and there were no questions raised.

b) Business Continuity Final Audit Report

The Internal Auditor referred to the report and took members through the Executive Summary covering the following:

- Introduction
- Conclusion
- Scope of the audit
- Key findings
- Good Practice identified

He highlighted that at the last committee meeting it was noted that management had coped well in dealing with the pandemic but BCPs are not set up to take account of the uniqueness of this type of risk. There is a lot of good practice identified in the BCP but regular testing of the plan has been recommended. Other college senior management teams and named managers go through their plan to test it is workable and this refreshes peoples' minds of the processes that needs to be followed.

The Chair agreed that the management have coped well with everything that the past 18 months of pandemic has thrown at them and asked if the BCP is regularly tested, will this reduce the College insurance costs.

The Internal Auditor observed he was not aware that a regularly tested BCP would reduce insurance costs.

The Principal advised that the Director of Finance & Resources is exploring new insurance quotes for the College so may be something for her to check with insurance companies. He will raise the question with her.

ACTIONS AGREED

The Principal to ask the Director of Finance & Resources when exploring insurance companies to ask if regular testing of the BCP would this reduce the College insurance costs.

7 Receive External Auditors Audit Plan 2021

The Chair invited the External Auditor to take members through Azets Audit Plan.

The External Auditor referred to the Plan and advised it was basically the same document that the Audit Committee agreed in 2020 and covered the following:

- Key audit risks
- Materiality
- Nature and scope of audit work
- Audit team– same team but with a new member who is new to the company but not new to the sector and will be a good addition to the team
- Timetable – majority of this has been arranged and now she has confirmation of the that the next Audit committee meeting is scheduled for 24 November she will add this date to the Plan
- Fees – these remain as set 3 years ago at £8,500
- Independence and non-audit services

She met with the Director of Finance this morning to go through the draft accounts and noted the following:

- an unexpected deficit of £30k but expecting next year to be better
- Related Parties inaccuracies would do not related to the College as it does not have any of these
- No major capital build in the next year
- Laptop costs are being checked by the Director of Finance
- Possible litigation risk but if this is successful then it would likely not be recorded in this year's accounts
- A copy of the Self-Assessment Questionnaire will contain their conclusion on the Final Year End Accounts which the Chairman and the Principal sign and is submitted to the ESFA on 31 December 2021

The Director of Finance advised that she is trying to finalise the accounts to be submitted to ESFA at the end of July and has put some questions to them and they texted back that they are not contacting colleges until next week about this. She has also had to chase them for Covid related funding to ensure she has this in the bank to note in the year end accounts.

Angela enquired if we had received AZETS Engagement Letter with their Terms and Conditions for signing.

The Chair confirmed that we had received the Engagement Letter but he had some questions on this that he wanted to ask before he signed it. He asked if the wording used is regulatory and relevant to the College.

The External Auditor advised that the wording used in the Terms & Conditions were taken from the governments Audit Code of Good Practice and what they have to follow for the education sector.

The Chair noted there were no further questions, thanked the External Auditor for her input, and invited her to leave the meeting.

8 **Any discussion item(s) to be classified as “Confidential & Restricted”**

Members considered their discussions and agreed other than the standing confidential item 11 there were no discussions that came under this category.

The Chair thanked the Internal Auditor for his input this evening and invited him to leave the meeting.

9 **Any Other Business**

- a) Auditors' Contracts – the Chair raised these come to an end in June 2022 and asked the Clerk when the process of looking these will be come to the committee.

The Clerk advised that the process of review of the Internal and External Auditors performance indicators and consideration of whether to renew contracts or go out to tender is scheduled to take place in the 9 February 2022 meeting. Following discussion, it was agreed this information would be provided for the committees November meeting. If the decision is made to go out to tender this will provide more time to allow preparation of the tender documentation and to source companies who would like the opportunity to tender for this work.

- b) Recruitment of members to the Audit Committee – the Clerk advised the Chair that the Search committee had discussed membership of this committee at their meeting last week. They agreed to raise with current members of the Corporation at the meeting on 27 July, if any of them would be happy to join the Audit committee. They will also be asking governors if they have any contact(s) in the business world that they could contact or give the details to the Clerk to follow up for a co-opted member.

The Chair asked the Clerk to keep him updated with the process of recruiting new members to the Audit committee.

10 **Date of Next Meeting** **24 November 2021**

11 **Confidential Items** – *See Separate Minute*

There being no further business to discuss the meeting closed at 6.15pm.