Minutes of the Meeting of the Audit Committee

held at 6.00pm on Wednesday 26 June 2024
held in the College

Present:	Mr S Taylor (ST)	Chair
	Mr A Alimohamed (AA)	
	Ms C Ajit Singh (CAS)	
Apologies:	Mr A Barke (AB)	
In Attendance:	Mr M Cooper (MC)	Executive Director Finance, HR and Development
	Ms T Aust (TA)	CEO/Principal
	Ms K Frost (KF)	Head of Governance
	Mr S Pringle (SP)	Director of Internal Audit, WBG
	Ms S Blakemore (SB)	Partner, Buzzacott
	Mr M Othi (MO)	Observer
	Ms C Zervoudakis	Observer

11/24 Welcome and Apologies

The Chair welcomed everyone to the meeting and introductions were made. Apologies for absence were received and accepted from AB. AA, SP and SB were attending the meeting virtually.

12/24 Declarations of Interest

There were no declarations of interest relating to the items on the agenda.

13/24 Minutes of the Last Meeting

Minutes from the meeting of the Committee held on 13 March 2024 had been received in advance (Paper 3). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

14/24 Matters Arising

A 'Summary Action Point List' (Paper 4) was received and noted. The Committee received an update on progress towards actions agreed at the last meeting. It was noted the actions had all been completed.

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15/24 **Outstanding Audit Recommendations**
A progress update towards outstanding audit recommendations was received in advance of the meeting. (Paper 5).

MC reported that there were 10 outstanding audit recommendations, only one of which was overdue which was the Annual Procurement Report. The Finance, Resources and Capital Projects Committee had approved the Procurement Policy and Procurement Strategy at their last meeting and had discussed what the Annual Procurement Report should cover. Having had that conversation, the Annual Procurement Report would be drafted and circulated to the Finance, Resources and Capital Project Committee.

The Committee discussed how procurement was driven in the College. MC said procurement sat within the Financial Scheme of Delegation.

Governors asked about progress towards recommendation 12 and whether the staffing was more stable now. The CEO confirmed that it was, a new Head of Estates and Facilities had been appointed and other staffing vacancies had been filled.

Governors asked about progress towards recommendation 20. MC reported that more detail had been added to the Risk Management policy about scoring rather than adding a target score to the register.

16/24 **Internal Audit**

a) **Cyber Security Internal Audit Report**
The 'Internal Audit Report: Cyber Security' (Paper 6a) was received in advance of the meeting.

SP reported that the overall conclusion was 'Substantial'. 5 recommendations were raised, 3 medium and 2 low. There were 11 good practice areas.

Governors asked whether the Internal Auditor had tried to hack into the system as part of the audit. SP said it hadn't been part of the scope for the audit. *Governors asked* whether that would be standard protocol for this type of audit. SP said a vulnerability scan would have been undertaken if significant issues had been found and a follow up audit had been necessary but it wouldn't be carried out as a matter of course.

Governors asked whether the Internal Auditors had any concerns with students being able to hack into the College systems. SP said no concerns were flagged. There was less risk as student access rights were heavily restricted and secure which meant students didn't have access to key areas.

Governors asked whether the College received notifications from suppliers that they had good cyber security controls in place. MC said this was a recommendation from the internal audit that the College would follow up on.

Governors asked whether the College might put another organisation at risk by inadvertently sending them something which was infected. SP said the College's system was up to date. It was noted that other organisations would have their own cyber security processes in place.

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Governors asked how the scores against the National Cyber Security's 10 Steps had been arrived at. SP explained there was an element of judgement, the scores were lower where there were recommendations.

Governors asked about whether the cyber security risk register should be presented to the Audit Committee moving forward. It was agreed it would make sense for the Committee to see the register annually.

b) **Risk Management Internal Audit Report**
The 'Internal Audit Report: Risk Management' (Paper 6b) was received in advance of the meeting. SP reported that the overall conclusion was 'Strong'. There were 3 recommendations which were all low. 7 areas of good practice had been identified.

The Chair reported that the Corporation had been reviewing the risk management process over the last few months. It was pleasing that the result was strong.

c) **Follow Up Internal Audit Report**
The 'Internal Audit Report: Follow Up' (Paper 6c) was received in advance of the meeting. SP reported that the overall conclusion was 'Strong'. There were no concerns with progress being made.

Governors were pleased that recommendations were being followed through.

d) **Internal Audit Plan 2024-25**
The proposed Internal Audit Plan 2024-25 (Paper 6d) was received in advance of the meeting. The proposed areas for Internal Audits 2024-25 were:

GDPR
Budgetary and Financial Reporting
HR Recruitment and Retention
Funding Review 16-19 Provision
Follow Up Review

The Funding Review and GDPR internal audits would be carried out on site.

Governors asked how much the risk register had been considered when deciding on the areas of coverage. SP said the original 3 year plan was based on the assurance map. This was reviewed annually based on changes to the strategic risk register, the results of internal audits, reports from other assurance providers and key themes across the sector.

Governors said they would like Health and Safety to be covered in the next couple of years as it was a key area of risk.

Governors discussed audit coverage and it was noted the Board Assurance framework would be bought to the next meeting of the Committee.

IT WAS DECIDED to approve the Internal Audit Plan 2024-25.

Governors thanked SP for his reports.

17/24 **Risk Management**

a) **Strategic Risk Register**
The 'Risk Register June 2024' (Paper 7a) was received in advance of the meeting.

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The Committee discussed whether the risk register would be more useful if it included a target score for each risk based on the risk appetite statements. This was one of the recommendations from the Internal Audit report. However, it was noted that this had already been considered and it had been decided it was not a good idea as it was felt risk appetite should be managed at a higher level.

CZ left the meeting at 7.05pm

b) **Update on Risk Register Reviews Conducted by Committees**
MC reported that every committee had reviewed the new risk register. Changes to the risk register since the last meeting of the Committee had included:

- FRCPC considered the consistency of grading of 'Impact' and agreed minor amendments to some scores
- FRCPC agreed the addition of a regulatory risk relating to compliance with funding agreements (see Risk #25)
- GSSC reduced the likelihood score for 'Mergers' (Risk #21) but recognised it would be necessary to continue to monitor the political environment in case the position changed
- Audit Committee requested a change in the name of Risk #17 to 'Fraud' and suggested adding a column in the register to show the lead member of staff for each risk. This had been addressed through the addition of the 'Management Ownership' column

c) **Risk Management Policy**
The 'Draft Risk Management Policy' (Paper 7c) was received in advance of the meeting.

The Committee discussed whether further information was required to define why 15 had been chosen as the tolerance level for risks but after discussion it was agreed there was no need to make any further changes.

IT WAS DECIDED to recommend approval of the Risk Management Policy to the Corporation.

18/24 **External Audit**

The 'External Audit Strategy Year Ended 31 July 2024' (Paper 8) was received in advance of the meeting.

SB reported that the Post 16 Audit Code of Practice had been updated and a new College Financial Handbook had been issued but there were minimal changes to the audit process this year. Issues of audit significance included income recognition, bank loan covenants, regularity, management override of controls and related party transactions.

In terms of sector issues, every College was in the process of considering a Reserves Policy following the introduction of the College Financial Handbook. Colleges had been given an increase in funding this year and so were anticipating a better financial result.

SB asked the Committee whether there was anything significant in terms of fraud that the External Auditors should be aware of. The Chair said governors were not aware of any fraud and internal audits had indicated that there were good controls in place.

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Governors asked whether the College had any staffing issues in the Finance Team. MC said there were no concerns and that the team were in a good position.

IT WAS DECIDED to approve the External Audit Strategy.

19/24 Post 16 Audit Code of Practice

The 'Post 16 Audit Code of Practice 2023-24' (Paper 9b) was received in advance of the meeting and was noted.

Governors thanked SB and SP for their work and contributions.

SB and SP left the meeting at 7.27 pm.

20/24 Review of Auditor Performance

A 'Review of the Performance of Auditors' (Paper 10) was received in advance of the meeting.

MC explained there was an annual requirement for the Audit Committee to undertake a review of the performance of the auditors. In advance of the meeting, key members of staff and committee members had completed a template of audit performance indicators for both the External and Internal Auditors. The scores showed a high level of satisfaction with both auditors. There had been one comment about the desire for the Internal Auditors to undertake some field work on site and this had been addressed in the recent planning meeting.

IT WAS DECIDED to approve the re-appointment of both the Internal and External Auditors.

21/24 Committee Terms of Reference

The 'Proposed Committee Terms of Reference 2024-25' (Paper 11) was received in advance of the meeting. The Committee reviewed the proposed changes. IT WAS DECIDED to recommend the Terms of Reference to the Corporation for approval.

22/24 Data Protection Update

A 'Data Protection Update' (Paper 12) was received in advance of the meeting.

The College had received a quote from Agile CLS Limited for £3,500 plus reasonable expenses and VAT. The quote included consultancy work to provide a full overview of the College's current arrangements for Data Protection.

IT WAS AGREED to proceed with the consultancy work as proposed.

MC explained that the Committee might need to consider the timing of the GDPR internal audit. Currently it was due to take place in 2024-25 but it might be more valuable if it was pushed back to the following year. This would be reviewed and a proposal bought to the next committee meeting if needed.

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23/24   **AOB**

Governors passed their congratulations onto the College for the Awards Ceremony which had been brilliant.

24/24   **Date of the Next Meeting**

The date of the next meeting of the committee was Wednesday 27 November 2024 at 4.00pm.

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