

## AUDIT COMMITTEE

### Minutes of the meeting held on Wednesday, 5<sup>th</sup> April 2023 at 1.00pm in the IT Suite

**Present:** Miss L Knapp (in the Chair), Mr D Aarons, Mr A Keers (Teams), Mrs H King, Mrs K Squires, Mr A Thomson and Mr M Wakeford (Teams)

**In attendance:** Miss A S Bruce, Mrs C Harris, Mrs G M Hulley, Jonathan Lanes (BDO) and Mark Mason (BDO) and Merlin Wrightson (NGS Ltd)

#### **SECTION A – ROUTINE AND GOVERNANCE ITEMS:**

---

**23/01 Apologies for absence (Agenda item 1)**

Mark Dawson (KPMG) sent his apologies.

**23/02 Declarations of interest (Agenda item 2)**

There were no declarations of interest.

**23/03 Minutes of the last meeting (Agenda item 3, Paper A)**

The minutes of the meeting held on 28<sup>th</sup> November 2022 had been circulated previously and were approved as a true and accurate record.

**23/04 Actions outstanding (Agenda item 4, Paper B)**

There were no actions outstanding.

#### **SECTION B – CHIEF OPERATING OFFICER'S UPDATE:**

---

**23/05 Risk Management (Agenda item 5)**

- a. Risk register and action plan (**Paper C**): Three of the nine strategic risks remained above the College's risk appetite for securing long-term financial viability, reliance on bankers and limited capital investment available for improving the aging IT infrastructure of the College. Risks relating to reliance on bankers had reduced following reclassification of FE Colleges into the public sector in November 2022. This was being followed up with meetings with the ESFA/DfE to discuss how the College debt could continue to be reduced. The Board was due to carry out a full review of the strategic risks in line with the Risk Management Policy in July 2023.

The COO confirmed that the main areas of concern continued to be: further development of HE provision in order to support income target; pay cost pressures; inflationary pressures on non-pay budgets; and, ability to invest in IT infrastructure and the wider College estate. IT risks had now been made more specific. The COO was also working on an IT investment action plan which would be prepared by June 2023. A budget had previously been agreed. In response to a question about Risk scoring methodology, members were informed that anything over 16 would be Red and additional action would need to be taken; anything below 16 would be monitored closely. In a wider discussion about staff vacancies, members were informed that the current figure was slightly higher than normal (lower compared to the wider sector). Figures were checked on a weekly basis to ensure that: prior to placing an advertisement, the post was still needed; and, to review what actions were being taken and whether any alternatives were required.

Merlin Wrightson joined the meeting.

## **SECTION C – INTERNAL AUDITOR UPDATE:**

---

### **23/06 Internal Auditor Update (Agenda item 7)**

#### **a. IT Security Assurance**

Following introductions of the team, the Committee was informed that of the nine recommendations reviewed since the internal audit, and, four of the recommendations had been completions; three were due for completion by Q3 2023. Of the remaining two, the College acknowledged that the secondary server room required physical enhancement; and, as there was no formal Disaster Recovery Plan nor testing of the ability to recover, NGS had offered to provide assistance if required.

The COO explained that NGS had been asked to review the recommendations as the team had found it difficult to prioritise the list in order to then implement them. IT security was a different skillset to what the College had internally. BDO explained that their internal audit approach had been one that was risk-based rather than a cyber-security posture review (CSPR) against strict controls. The internal audit process is one that was agreed and approved by the College. A CSPR would have cost the full internal audit budget to deliver. In response to a question about security, BDO confirmed that where benchmarking was concerned, other colleges worked with JiSC in response to their annual survey. The survey was usually launched at the start of each academic year.

**Resolved:** To note the IT Security Assurance report.

Merlin Wrightson left the meeting.

## **SECTION B – CHIEF OPERATING OFFICER'S UPDATE:**

---

**23/05 b. Risk management policy (Paper D):** The Risk Management Policy had been updated by the senior leadership team (SLT) in December 2022. The main changes reflected the increased role of wider SLT members for updating and maintaining the Corporate Risk Register that were already in place. All proposed amendments were highlighted in Red and Yellow. In response to a question about skillset in relation to the WSLT, the Committee was assured that these colleagues had received guidance on the process; they were all very good at managing risk. The COO was currently exploring different software options as the process was quite resource intensive.

**Resolved:** To receive the risk management report; and, to recommend approval of the Risk Management policy to the Corporation.

### **23/07 Internal Audit Action Tracker (Agenda item 6, Paper E)**

Overall, 58% of recommendations had been implemented or partially implemented, with a further 26% in progress, 19% were on hold pending further review and resources to be allocated. Progress had been made in this area with nine recommendations now being partially implemented or in progress and only six now on hold pending further review and allocation of resources. An IT Security Consultant had been procured to provide support to the College which included reviewing and prioritising the outstanding recommendations. The tracker did not include the most recent two internal audits.

**Resolved:** To receive the Internal Audit Action Tracker report.

## **SECTION C – INTERNAL AUDITOR UPDATE:**

---

### **23/07 Internal Auditor Update (Agenda item 7)**

#### **b. Internal Audit Progress Report (Paper H)**

BDO confirmed that two audits had been completed since the last meeting. To date, no reviews had been completed this year outside of the approved plan. At the request of Management and agreement by the previous Audit Committee Chair, the ILT Advisory review was removed from the plan and substituted with the Apprenticeship Records assurance review which was planned for April 2023. The Audit Committee confirmed it was in agreement to this change.

**Resolved:** To receive the Internal Audit Progress report.

**c. Data Privacy (Paper F)**

The report carried a level of assurance of 'substantial' design and 'substantial' operational effectiveness. BDO confirmed the College had done very well compared to many other colleges in the sector. The report included a number of areas of good practice, for example, DPO Toolbox talks and Risk Log. There was one finding of low significance. This related to a historical gap in the Register of Reporting Activity (RoPA) for a period leading up to 2021.

**Resolved:** To receive the Data Privacy report.

**d. Health and Safety (Paper G)**

The report carried a level of assurance of 'moderate' design and 'moderate' operational effectiveness. The report included a number of areas of good practice, for example: culture; policies and reporting regulatory changes; and, reporting to governors, SLT and Committees. There were four medium priority recommendations in relation to: compliance monitoring; training; investigation guidance; and, daily vehicle checks. The report confirmed the management response and where applicable, the actions that would be taken by the management team.

In a wider discussion about the recommendations and actions being taken, the Committee received assurance that two had been implemented. Consideration was being given to having a new CAFM system to replace a number of current paper-based systems. The Director of Facilities Management and Estates would lead on this once in post. HR processes had been strengthened. The completion of Smartlog modules were now a core requirement of achieving a 'required performance' or better rating in the annual PDR cycle. Where the College site was concerned, the Committee was informed of the actions being taken to ensure there was a sufficient number of first aiders on each site. An external company delivered the training. The Health and Safety Manager was proactive in generating interest in attending training and/or gaining qualifications. Drop in sessions were organised throughout the year, for example, CPR training at the staff wellbeing day.

**Resolved:** To receive the Health and Safety report.

**SECTION D – POLICIES:**

---

**23/08 Public Interest Disclosure (Whistleblowing) (Agenda item 9, Paper I)**

The policy had been reviewed to ensure compliance with current and best practice. Minor changes had been made in relation to formatting and staffing.

**Resolved:** To recommend approval of the Public Interest Disclosure (Whistleblowing) policy to the Corporation for approval.

**SECTION E – CLOSING ITEMS:**

---

**23/09 Any other business (Agenda item 7)**

There was no other business.

**23/10 Date of next meeting (Agenda item 8)**

Monday, 27<sup>th</sup> June 2022 at 4.00 pm.