



MINUTES OF THE AUDIT COMMITTEE MEETING

Held on MS Teams
Thursday, 10 June 2021 at 6.00 pm.

Present:

Ian Leigh (Chair)
Andy McVeigh

Fran Stewart

Scott McCready – Internal Auditor

Daniel Loughlin, IT Director (Advising Officer)
Stephanie Wiles, Director of Finance and Estates (Advising Officer)
Helen Odhams, Deputy Principal (Advising Officer)
Ken Kehoe (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of business interests.

2. WELCOME AND APOLOGIES FOR ABSENCE

Apologies were received and accepted from Cindy Dawes. The Chair welcomed Scott McCready, the Internal Auditor.

3. DATA PROTECTION REPORT

The Director of IT (Dan Loughlin) introduced the Data Protection Report. He noted that most cases reported were minor, but that one case had involved sensitive data. He had spoken to the Information Commissioner's Office for guidance on whether formal notification was required. The ICO had advised that a formal notification was not necessary. In response to questions, the Director of IT informed the committee that the incidents this year were primarily linked to use of Microsoft Teams and highlighted the need to maintain awareness.

The committee noted the report and thanked the IT Director for his work. The Director of IT left the meeting.

4. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 11 November 2020 were approved as an accurate record, subject to the reference to "External Assurance" at Item 12 on page 5 being amended to read "Internal Audit".

ACTION: The Clerk to amend minutes of 11 November 2020, as directed.

5. MATTERS ARISING

The Chair noted, reflecting on the minutes of the last meeting, that the Director of Finance and Estates should have been congratulated on her clean Audit Report. The committee agreed.

All actions from the last meeting had been actioned or were covered elsewhere on the agenda.

6. INTERNAL AUDIT REPORT: PURCHASING AND PROCUREMENT

The Internal Auditor, Scott McCready, introduced the report. The major finding was that there was a substantial level of assurance regarding purchasing and procurement. The internal audit had identified four recommendations:

- complete a supplier spend analysis;
- develop a register of contracts;
- ensure procurement training for all relevant staff members; and
- review the tendering threshold and decrease it.

In response to questions from Trustees, the Director of Finance and Estates said:

- she was confident that, as she saw every invoice, she would be aware if the cumulative expenditure with some suppliers was exceeding the limit for tenders in any given year;
- there appeared to be a large number of suppliers because, even if there was a one-off purchase, the company had to be set up on the purchase ledger. There were only about 200 core suppliers;
- as recommended, she had looked at the major spend categories and the 30 major suppliers. All had been tendered or involved suppliers where tendering was not possible, e.g., examination boards; and
- she sought specialist advice for significant procurements. For a large procurement contract, she would hire a procurement specialist for advice; for building works, she would use a project manager, and for other contracts that were tendered (e.g. internal audit and insurance) she would use the CPC framework, or some other framework.

The Chair noted that the report recommended a reduction in the threshold for tendering and asked the Internal Auditor to explain the recommendation. The Internal Auditor explained that this recommendation had come out of the benchmarking exercise that they had carried out. In response to questions, the Director of Finance and Estates said that there had been no contracts between the current £150K limit and the £100K limit suggested by the auditors. She also noted that she would, in any case, get quotes for any procurement over £20K.

The Trustees considered the matter and noting the substantial assurance in this area, that there would have been no projects caught by a lower limit, and the possibility of extra bureaucracy, they agreed that the limit for tendering should remain unchanged at its current level.

The Trustees agreed that there was merit in a register for contracts, not least as some of the contracts, such as cleaning and the alarm contract, had been in place for some time. The Director of Finance and Estates informed the committee that she intended to re-tender the cleaning and catering contracts as soon as was possible, after the COVID period. She noted that the maintenance of the alarm system was more complicated as the equipment was from ADT and other contractors would not support ADT equipment.

The Chair summed up the discussion by stating that it had been a worthwhile exercise and he congratulated the Director of Finance and Estates on achieving a substantial level of assurance and for her proportionate management response.

7. INTERNAL AUDIT NEEDS ASSESSMENT: THREE-YEAR PLAN

The Internal Auditor explained that while there was a three-year plan proposed, it would be revisited annually to ensure that the most appropriate subjects were looked at.

In discussion, Trustees agreed that:

- an internal audit of corporate governance should come sooner and that this should be swapped for the budget item;
- payroll should be looked at rather than IT, given that this had recently been subject to a security audit.

The Trustees also asked that consideration should be given to the timing of the safeguarding audit.

The Internal Auditor agreed to update the plan, in light of Trustee discussions, and to circulate.

ACTION: The Internal Auditor to revise the 3-year internal audit plan, considering the discussion of Trustees.

8. INTERNAL AUDIT LETTER OF ENGAGEMENT

The committee ratified the Internal Audit Letter of Engagement.

The Chair thanked the Internal Auditor for his work. Mr McCready then left the meeting.

9. PLANNING FOR FINANCIAL STATEMENTS AND REGULARITY AUDIT

The Director of Finance and Estates noted that the plan for this year's regularity audit and financial statements was standard. The committee agreed the plan.

The Director of Finance and Estates also discussed the future arrangements for the appointment of the external auditor. She informed the committee that the current external auditors had been in place since

2013 and she proposed that she carry out a market test, asking the current auditor for a quote and then consider whether the College should do a full re-tender.

The committee, following discussion, agreed that the current external auditor should be asked to extend for another year, but if the external auditor refused, or demanded significantly higher fees, then the College should undertake a CPC tender process. The contract should be tendered next year in any case.

ACTION: The Director of Finance and Estates should seek a one-year extension with the current External Auditor, subject to satisfactory pricing. The contract should be re-tendered if the external auditor is unwilling to extend for one-year, or asks for significant extra fees, and in any case, at the end of the one-year extension.

10. STRATEGIC RISK REGISTER

The Deputy Principal introduced the risk register. She highlighted several changes, including noting that full OFSTED inspections would start in September. In response to a question from the Trustees, the Deputy Principal noted that impact of the loss of learning risk could have a detrimental effect on the College's examination results, and reputation.

The committee approved the Strategic Risk Register.

11. DISASTER MANAGEMENT STRATEGY 2021

The Deputy Principal introduced the Strategy, noting that it reflected the College's experience of handling the Covid pandemic, in particular, how staff and students might communicate in an emergency.

Trustees made the following points:

- had the SLT had training in handling disaster scenarios and, if the intention was to use Microsoft Teams more in emergencies, would there be ongoing training on the package? The Deputy Principal responded that SLT and the wider management team at the College had had training on disaster scenarios, and that it was the College's intention that there would be staff training on Microsoft Teams where appropriate during the academic year;
- following any incidents, there should be an investigation, a review of handling, and a report to the Trustees; and
- it was important to have contemporaneous recording of decisions, and their timing, during a crisis; and
- the term "governor" was used on page 24.

The Disaster Management Strategy was approved.

ACTION: The Deputy Principal to amend the Strategy, as necessary, in light of the Trustee comments.

12. RISK MANAGEMENT POLICY

The Risk Management Policy was approved.

13. ANTI-FRAUD POLICY AND RESPONSE PLAN

The Director of Finance and Estates introduced the draft policy, noting that she had benchmarked it against the S7 College group and the advice provided by HMG.

The following points were made in discussion:

- The policy should apply to Members and therefore they should be included in the text;
- On page 2, under the prevention of further loss section, after “and College property” the following text should be added “and access to College systems”.

The policy was approved, subject to the amendments agreed by Trustees.

ACTION: The Director of Finance and Estates should amend the Anti-Fraud Policy and Response plan as agreed by the committee.

14. CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY

The committee considered the draft policy and agreed that the text of paragraph 3.3.2 should be amended as follows “...if it is considered that there is sufficient concern to take it further.”

The policy was agreed, subject to the above amendment.

ACTION: The Director of Finance and Estates should amend the Confidential Reporting (Whistleblowing) policy as agreed by the committee.

15. ANY OTHER BUSINESS

There was no other business.

16. DATE OF NEXT MEETING: 10 November 2021

*The meeting closed at 8.05pm.
Attendance was 75.0%.*

Signed.....

Date.....

SUMMARY OF ACTIONS

A2-001	Clerk to amend minutes of 10 November 2020, as directed.
A2-002	The Internal Auditor to revise the 3-year internal audit plan, considering the discussion of Trustees.
A2-003	The Director of Finance and Estates should seek a one-year extension with the current External Auditor, subject to satisfactory pricing. The contract should be re-tendered if the external auditor is unwilling to extend for one-year, or asks for significant extra fees, and in any case, at the end of the one-year extension.
A2-004	The Deputy Principal to amend the Disaster Management Strategy, as necessary, in light of the Trustee comments.
A2-005	The Director of Finance and Estates should amend the Anti-Fraud Policy and Response plan as agreed by the committee.
A2-006	The Director of Finance and Estates should amend the Confidential Reporting (Whistleblowing) policy as agreed by the committee.

SUMMARY OF GOVERNOR CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Topic
S	5 and 6	The committee congratulated the Director of Finance and Estates on achieving a clean external audit and a substantial assurance result from the internal audit of purchasing and procurement.
C	10	The committee challenged the inclusion of loss of learning in the risk register but accepted the arguments put forward by the Deputy Principal.