MINUTES OF THE AUDIT COMMITTEE MEETING

Held on MS Teams
Tuesday, 7th June 2022 at 6.00 pm.

Present:

Mark Nelligan (Chair)	Natasha Meade
Andy McVeigh	Ben Obese-Jecty

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 from Cindy Dawes and Fran Stewart.

3.   MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 11th November 2021 were underline approved underline as an accurate record.

4.   MATTERS ARISING

A1-001. The IT Director to provide advice on the timing of the next penetration test and IT security audit. **Covered later in the agenda.**

A1-002 The IT Director to provide advice on protection of the data held on behalf of another institution. **Covered later in the agenda.**

A1-003 The Deputy Principal to consider whether the gross risk score for the risk to the College's "outstanding" judgement should be 4 rather than 3. **Covered later in the agenda.**

A1-004. Clerk to raise with the Chair of Finance and Estates, and the Director of Finance and Estates, the request for that committee to consider the impact of rising supply and labour costs on the fixed

price new build contracts and the revised work schedule. **Finance and Estates were briefed on the impact of the rising costs on the new build contracts at their March meeting.**

A1-005 The Deputy Principal to review with the IT Director whether IT risks should be more explicitly identified in the Register. **Covered later in the agenda.**

5. INTERNAL AUDIT REPORT

The Internal Auditor introduced the Internal Audit reports.

5.1 Corporate Governance and Risk Management. The audit provided "Strong" assurance and made a few low-level recommendations regarding risk management training for the Trustees, reviewing and signing the Code of Conduct annually, and the Board setting its risk appetite.

Trustees asked about the benchmarking exercise that had been carried out; the Internal Auditor advised that the exercise had been carried out against, at least, 30 clients.   Trustees also asked about the setting of the Board's risk appetite; the Internal Auditor explained that if the Board judged that risks were above a given level, then those risks would be the focus of their attention. Trustees noted that, even if not explicitly, the Board and the committee did focus on the higher risks.

5.2 Safeguarding. The audit provided "Strong" assurance and there were no recommendations.

5.3 Payroll.   The audit provided "Strong" assurance with one low level recommendation regarding the changing of employee bank details.

5.4 Follow up Review. Regarding the follow-up to the Procurement Audit, the Committee noted that all recommendations had been implemented except the procurement training for budget holders which would take place in September via email communication.   The Annual Report from the Internal Auditors would come to the Autumn meeting of the Committee.

6. INTERNAL AUDIT NEEDS ASSESSMENT: THREE-YEAR PLAN

The Internal Auditor set out the proposed audits for the next year: budgetary and financial reporting; student recruitment, retention and attainment; and IT. The Deputy Principal advised that the audit on student recruitment, retention and attainment might be difficult, given the significant challenges in all three areas over the past two years due to Covid as well as the lack of comparable data and changes that have been made to process and procedures to account for such challenges. The IT Director noted the need to ensure that the timing of the Internal Audit on IT was consistent with annual cyber-security exercise.

Trustees agreed that the proposed Audits should proceed but that the Internal Auditor and the Deputy Principal should refine the scope of the audit on student recruitment, retention and attainment so that it focussed on policies and procedures rather than outcomes. The Internal Auditor and the IT Director should also discuss the timing of the IT audit.

Action: Internal Auditor to discuss scope and timing of next year's Internal Audits with the Deputy Principal and the IT Director.

7.   REVIEW OF ACCEPTABLE USE POLICY

The IT Director introduced the policy, explaining that the College had achieved the Cyber Essentials mark at the end of May and was seeking to achieve Cyber Essentials+ by the end of July.   This process would be repeated annually including carrying out penetration testing.   Considering this work, the policy would have to change and be updated over the coming months.

The Chair asked if the policy applied to third-parties as well as to staff and students. The Director said that the policy did apply to third parties.

The committee approved the acceptable use policy, subject to the policy being amended to make clear that it applied to third parties and that they may be subject to sanction.

Action: The IT Director to amend the Acceptable Use policy as agreed.

8.   REVIEW OF IT SERVICES SECURITY POLICY

The IT Director introduced the policy, explaining that it was bench-marked against the Cyber-Essentials standard.

The committee agreed the policy, subject to the acronyms being defined.

Action: The IT Director to amend the IT Services Security policy, to spell out acronyms used.

9.   DATA PROTECTION REPORT

The IT Director introduced the Data Protection Report. He noted that most cases were primarily linked to use of Microsoft Teams and that none had rated higher than a 1 score.

Trustees asked about the process to capture lessons learned following incidents.   The Director explained that there was always a lessons learned review which he and the Principal would review.

Trustees agreed that the committee would wish to be informed of the lessons learned from any incident scoring 3 or 4, or 2 if there were significant issues.

Action: The IT Director to brief the committee on the lessons learned following any data incident scoring 3 or 4, or 2 if there were significant issues.

10. PLANNING FOR FINANCIAL STATEMENTS AND REGULARITY AUDIT

The Director of Finance and Estates set out the plan for this year's regularity audit and financial statements. She noted that the audit would begin on 3 October and that the annual fee was unchanged.

The committee agreed the plan.

The Director of Finance and Estates also briefed the committee on her intention to conduct a review of the audit contract next year. The current auditor would be invited to take part.

The committee agreed that an informal review should be carried out, asking 3 or 4 firms, including the current provider, to quote for the work.   Trustees noted that audit fees were rising.

Action: The Director of Finance and Estates to carry out an informal review of the audit contract next year, asking 3 or 4 firms, including the current provider, to quote for the work.

11. STRATEGIC RISK REGISTER

The Deputy Principal introduced the risk register. She highlighted several changes:

Risk 1 – Following the committee request at the last meeting (A1-003), the gross and net impact score had been reduced in light of the experience of other S7 Colleges with OFSTED Inspections.

Risk 2 – The net likelihood score had been reduced following the work the College had done with students.   The committee agreed.

Risk 4 – The gross and net impact scores had been reduced, following the development of Government policy on the future of BTECs.   The committee agreed.

Risk 5 – This was a suggested addition to the Risk Register.   The increase in the requirement for Guided Learning hours had put pressure on the estate and the College's ability to provide the additional hours was dependent upon the provision of temporary classrooms that required planning permission.

Risk 7 – It was proposed to delete this risk considering the Spending Review settlement and as the new risk to funding was covered by the new Risk 5. The committee agreed.

Risk 8 - It was proposed to delete this risk as the Teachers' Pension subsidy was likely to be incorporated into the main funding formula and even if it was withdrawn, the College was in a much stronger financial position to cope. The committee agreed.

Risk 10 - It was proposed to delete this risk as the two new builds were nearly complete and there had been less disruption than had been originally feared. The committee agreed.

Risk 11 – Following the committee request at the last meeting (A1-005), this risk was an addition to the Register, reflecting previous decisions by the committee to include the cyber-security risks.

Risk 12 – While the risk of industrial action had increased, experience suggested that the effect of such action would be limited, leaving the net score unchanged.

Risk 14 – It was proposed that, after 4 years of operation of the GDPR, that this risk be removed from the Register. The committee agreed.

Risk 15 – It was proposed to add this new risk to Register, reflecting the change in the senior leadership of the College, and the loss of the current Principal's experience. Trustees noted the robust recruitment process that had taken place and the mitigation measures that had been put in place. The committee agreed.

The committee approved the Strategic Risk Register.

12. DISASTER MANAGEMENT STRATEGY 2022

The Deputy Principal introduced the Strategy, noting that it reflected the committee's wishes when the previous version had been discussed. It now included references to the training in Teams and disaster management for senior management (Pages 3 and 6), how decisions would be recorded in an emergency (Page 4) and how the SLT would report to Trustees (Page 5).   There were also some changes on Pages 11 and 12 to reflect experience of personnel-related emergencies.

The committee approved the Strategy.

13. ANY OTHER BUSINESS

Trustees asked that all policies coming to the committee should show tracked changes.

Action: All staff proposing policies for approval should submit draft policies with tracked changes.

14.   DATE OF NEXT MEETING: To be confirmed.

The meeting closed at 7.36pm.
Attendance was 67.0%.

Signed……………………………………

Date…………………………………………..

SUMMARY OF ACTIONS

A2-001	Internal Auditor to discuss scope and timing of next year's Internal Audits with the Deputy Principal and the IT Director.
A2-002	The IT Director to amend the Acceptable Use policy as agreed.
A2-003	The IT Director to amend the IT Services Security policy, to spell out acronyms used.
A2-004	The IT Director to brief the committee on the lessons learned following any data incident scoring 3 or 4, or 2 if there were significant issues.

| A2-005 | The Director of Finance and Estates to carry out an informal review of the audit contract next year, asking 3 or 4 firms, including the current provider, to quote for the work. |
| A2-006 | All staff proposing policies for approval should submit draft policies with tracked changes. |

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

C/S	Minute	Topic
C	8	**Acceptable Use Policy** The Trustees asked that the policy make clear that it applied to third parties and that they may be subject to sanction for breaches.