

**Minutes of the Audit and Risk Committee held on 25th May 2021 6pm
Virtual meeting**

MINUTES

Present

Judith Coplowe [Chair]
Raj Kumar
Andy Jennings
Neil Hunter
Nichola Harrison

In attendance

Derek Sharp, Deputy Principal
Michelle Dowse, Deputy Principal
Laura Kerry, Vice Principal
Lee Glover, Haines Watt
David Hoose, Mazars

Clerk

Emily Baldwin

Section 1: General		
1.1	Apologies for absence	There were no apologies for absence. N Hunter was welcomed to the meeting as a new Governor.
1.2	Declaration of Interests	There were no declarations of interest.
1.3	Matters that are confidential	The internal and external auditors confirmed that there were no confidential matters that they needed to raise with Governors. <i>D Sharp joined the meeting.</i>
1.4	Minutes of the meeting held on 15 th March 2021 and matters arising	The minutes were agreed to be a true record of the meeting. It was noted there were no outstanding actions.

Section 2: Risk Management

2.1	Risk Register	<p>D Sharp introduced the latest version of the Risk Register.</p> <p>There were 13 red risks on the Risk Register which was in line with the previous update. The major change was the addition of a separate tab for governance, with 5 new risks.</p> <p>D Sharp agreed to correct an error on Risk 4.3. Governors suggested that some of the wording be updated with out-of-date wording removed. N Hunter asked about review cycles and how the risk register fitted with the College's overall risk strategy. D Sharp confirmed the process of review, including the role of the internal Risk Management Group and the role of Committees. The Register was reviewed in detail on an annual basis, with additional reviews/additions every term.</p> <p>N Hunter commented that it was not clear how the Committee could be assured that the mitigating controls were being fully complied with. It was a comprehensive Risk Register and consideration should be given to highlighting risk priorities for the Audit and Risk Committee, with the full set of risks being scrutinised by the relevant committee.</p> <p>The Committee examined the information on apprenticeship income vs budget for the last three years. The College had not met budget for the last 3 years, and D Sharp set out the reasons for this, including the unexpected demise of a sub-contractor, the roll-out of the apprenticeship levy and the impact of COVID. Governors recognised the reasons but reiterated the importance of being prudent on apprenticeships for 2021/22.</p> <p><i>M Dowse joined the meeting</i></p> <p>The Committee recommended the following actions related to the Risk Register:</p> <ul style="list-style-type: none">- The risk management strategy and Post Inspection Action Plan would be forwarded to N Hunter- The Risk Register would be updated to make sure it was more user-friendly in terms of font size and visibility on screen- Out-of-date actions would be removed where necessary- Hard copies of the Register would be sent out to governors if requested- The Clerk would consider how the assurance framework could be integrated into the Risk Register
-----	---------------	--

Section 3: Internal audit reports

3.1	Internal audits	<p>L Glover introduced the findings of three internal audits:</p> <p>Employer engagement</p> <p>Significant assurance had been provided by the internal auditor, with 2 low priority and 1 best practice recommendations which had been agreed.</p> <p>N Hunter asked whether the audit had looked at whether the apprenticeship programme achieved its desired outcomes for the College. L Glover explained that the focus of the audit was on compliance, reporting progress and strategic</p>
-----	-----------------	---

		<p>monitoring. However, value for money considerations were covered and any issues with bureaucratic processes would be highlighted. M Dowse said that positive outcomes could be seen in the growth of the College's employer satisfaction rates. The College now had a good framework in place, including a new CRM system. Reporting was through reporting of strategic objectives to the Commercial Strategy Committee.</p> <p><i>L Kerry joined the meeting</i></p> <p>Appraisals Adequate assurance had been provided by the internal auditor, with 3 medium and 2 low priority recommendations which had been agreed.</p> <p>There were recommendations around improving staff training, monitoring of the appraisal process, use of the training budget and monitoring risks around succession planning and development of staff.</p> <p>L Kerry agreed that the findings of the report was fair. The HR department had focused on appraisal completion rates, which had historically been very low, but now needed to improve quality and consistency of appraisals. There would be increased sampling of appraisals. She confirmed that the target dates were achievable.</p> <p>N Hunter asked how far appraisals fed into individual training plans. L Glover confirmed that they had seen evidence of this. In the lockdown period, more focus was given to individual training plans. L Kerry confirmed that it was expected that more cross-college training would be rolled out in 2020/21.</p> <p>N Harrison welcomed the internal audit which was as important area for the College.</p> <p>Follow up Substantial assurance had been provided by the internal auditor for management tracking of audit actions. There were some suggestions for improvement, including the tracking of external audit sections and the use of a flag system.</p> <p>The Committee received the report.</p>
3.2	Progress report on outstanding audit recommendations	<p>D Sharp introduced the report on outstanding audit recommendations.</p> <p>The Committee's gave permission to extend the deadline for completion for one action.</p> <p>The Committee asked about the action around personal cloud storage which was past its due date. They noted that the survey had had a low response rate. D Sharp agreed to contact the IT team for an update.</p> <p>Governors asked for attention to be given to improving the presentation of the spreadsheet so it could be viewed on one page.</p> <p>The Committee received the report.</p>

3.3	Internal audit plan and strategy 2020/21	<p>E Baldwin gave an update on progress for the internal audit plan for 2020/21. It was noted that the audit plan was on track.</p> <p>An internal audit plan for 2021/22 would be brought to the next Audit Committee based on an assessment of risk and discussions with the internal auditor. In the meantime, it was suggested that any audit on health and safety was undertaken in the autumn term, as this had been postponed from the previous year. Governors agreed that all members should be part of the discussion on audit priorities for the following year. It was noted that there was scope for the internal audit plan to change during the year due to changing priorities.</p> <p>N Harrison noted the need for a new environmental strategy and suggested it might be helpful to have an early audit to receive assurance on the governance arrangements supporting the strategy.</p> <p>The Committee received the report.</p>
3.4	Audit planning memorandum 2020/21	<p>The external auditor D Hoose introduced the Audit planning memorandum. The purpose of the memorandum was to summarise the proposed audit approach of the external audit team. D Hoose drew attention to the changes to the Audit Code of Practice which had been updated in March 2021.</p> <p>D Hoose drew attention to a number of ways in which the Code had changed. In particular, for a number of years, the Code has included a clause that allowed the auditor to rely on assurance provided by the ESFA for ILR returns. The removal of this clause meant that the external auditor might need to undertake a significant sampling of student records. It was not yet clear whether the auditor was permitted to rely on an ESFA funding audit. Discussions were ongoing with the ESFA and the sector as a whole.</p> <p>Governors agreed that that an additional meeting should be scheduled in September 2021 to cover the issue.</p> <p>D Hoose also pointed out that an additional requirement of the Code was that external auditors would present directly to the Corporation board. It was agreed that the audit report would be included in Corporation papers, and the external auditors would be available virtually for any questions.</p> <p>The Audit planning memorandum was agreed, noting the outstanding issue over the ESFA funding audit which would be agreed in September.</p> <p><i>D Hoose left the meeting.</i></p>
Section 4: Committee business		
4.1	Counter-fraud strategy	<p>D Sharp introduced the new counter-fraud strategy. The College already had an anti-bribery policy embedded in the Financial Regulations and a separate whistleblowing policy. It was best practice to have a separate counter-fraud strategy which set out the College's arrangements for preventing, detecting and dealing with fraud.</p>

		<p>D Sharp drew attention to the checklist included in the updated Audit Code of Practice which was useful for checking the College's approach to preventing fraud.</p> <p>The strategy identified a number of key fraud risks; it was noted that there was a particular risk of cyber fraud in lockdown.</p> <p>Governors welcomed the new strategy. They stressed the importance of ensuring there was an anti-fraud culture across the College. D Sharp drew attention to the actions outlined in the Delivery section.</p> <p>The Committee made a number of suggestions to improve the Strategy:</p> <ul style="list-style-type: none"> - Correction of a typo in the introduction - Statement that the College had a zero-tolerance approach to fraud - Reference to targeted training for those in particular positions with financial responsibility - Reference to monitoring of awareness of the College's whistleblowing and counter-fraud strategies through staff surveys <p>The Committee recommended the Strategy to Corporation for approval, subject to the changes above.</p>
4.2	Policy review	<p>The Clerk introduced the paper on review of key policies. They noted the introduction of new strategies - HE Strategy, Counter Fraud, Adult Education, Equality & Diversity and Environmental Strategy. They noted that the Strategic Plan, International Strategy and Estates Strategy had been postponed due to the pandemic, but would be updated in 2021/22.</p>
4.3	Work plans	<p>The Clerk introduced the paper on the Committee work plan. They noted that all items in the work plan for 2020/21 had been completed.</p> <p>The Committee approved the work plan for 2021/22, noting the addition of an additional meeting in September 2021.</p>
4.4	Terms of reference	<p>The Clerk introduced the updated terms of reference. They noted the minor changes to take account of the updated Audit Code of Practice.</p> <p>They approved the amended Terms of Reference.</p>
4.5	Confidential: Internal auditor reappointment –	<p><i>L Glover left the meeting.</i></p> <p>It was noted that Haines Watts had been appointed as the College's internal auditors under a three- year contract running 2017/18 – 2019/20, with the option to renew for two further years.</p> <p>The Committee discussed the performance of the internal auditors. [wording removed for confidentiality reasons]</p> <p>The Committee recommended to Corporation the re-appointment of the internal auditor for 2021/22 which would be the final year of their contract.</p>
4.6	Self-Assessment of Governors' Performance	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked how the meeting could be improved.</p>

		Governors agreed it had been a useful meeting and particularly welcomed the contribution of new member N Hunter.
--	--	--

There was no other business and the meeting ended at 8:00pm.