**Minutes of the Audit and Risk Committee
held on Monday 14th March 2022 6:00 pm
Virtual meeting**

MINUTES

Present	Andy Jennings [Chair] Neil Hunter Tim Waller Nichola Harrison
In attendance	Stephen Jones, Deputy Principal Corrin Hoyes (for item 4.2) Lee Glover, Haines Watt
Clerk	Emily Baldwin

Section 1: General		
1.1	Apologies for absence	There were no apologies for absence.
1.2	Declaration of Interests	There were no declarations of interest.
1.3	Matters that are confidential	The internal auditors confirmed that there were no confidential matters that they needed to raise with Governors. *S Jones joined the meeting.*
1.4	Minutes of the meeting held on 6th December 2021 and matters arising	The minutes were agreed to be a true record of the meeting. It was noted there were no outstanding actions.
2.1	Risk Register	S Jones introduced the revised Risk Register. The Register was now in a new format with fewer risks. There was a new column which showed third party assurance. Indication of when the external assurance had been secured would be added to the next version. Governors agreed it was a significant improvement on the previous risk register. N Harrison asked for assurance that by only including red risks, the College was not missing any other critical risks. S Jones assured Governors that many of the previous risks were not risks, but failure to undertake mitigating actions. L Glover, internal auditor, agreed that the register was appropriate and at the appropriate level for a corporate risk register. S Jones said a significant factor in the success of the register was ensuring accountability for the mitigating actions.

		The Committee asked for the accompanying risk management framework, including the College risk appetite. The governance of risk was an important part of the risk management framework. S Jones confirmed that there was a policy but that it needed to be updated and would be presented at the next meeting. Governors also asked about the scoring criteria and noted that some of the net risks had the same score as the gross risks. S Jones said that he would revisit the scores and include the criteria in the next iteration. It was noted that some risks remained high despite mitigating actions. It was often harder to make a difference to impact, as opposed to probability. Governors stressed the importance of ensuring adequate resource for risk management. Some of the risk descriptions needed to be refined as they were more statements of failure rather explaining the outcome of the risk. The Committee thanked S Jones for the improvements he had made to the Risk Register.
3.1	Internal audits	L Glover introduced the findings of the internal audits: **Health and Safety** Adequate assurance had been provided. 6 recommendations had been made which had been accepted by management. There was an additional value-added point about PAT testing. L Glover advised that the number of first aiders was relatively high at the College. N Hunter asked whether the College's target for health and safety training should be 100% rather than 95%. S Jones agreed to discuss with the head of HR. The Committee asked for confirmation on how often risk assessments should be carried out. It was confirmed that this should be an annual process and was an area for S Jones to look at in more detail. *C Hoyes joined the meeting.* The Committee supported the points where management had only partially agreed to the actions. **GDPR follow up** Substantial assurance had been provided, with only one remaining recommendation which had been accepted and had been actioned. The Committee asked for clarification about the link to the contract register. Assurance had previously been given that data sharing agreements were in place. The recommendation referred to ensuring a link between the two databases. The Committee **received** the report.

3.2	Funding audits	S Jones introduced the paper on funding audits.
		The ESFA funding audit report had not yet completed, but the College was aware that the audit had found significant findings. It was likely that there would be some clawback of funding. The Committee advised that the College consider legal advice if appropriate.
		S Jones presented the GLA funding audit. The College no longer contracted with the GLA but there were some recommendations that were being taken forward. There was no risk of any funding clawback. The report would not be published but it might be appropriate to refer to it in the annual report of the Audit and Risk Committee.
		The Committee noted the small underclaim and advised the College checked its working practices to minimise the chances of underclaim in the future.
3.3	Data protection update	C Hoyes introduced her GDPR monitoring report.
		She updated the Committee on how the College had ensured it complied with all GDPR requirements. Since Brexit, the College was required to comply with UK GDPR law.
		The College had seen a small rise in the number of data subject requests. The College had responded well to the requests, and processes were keeping pace with the rise in the number of requests.
		The number of data breaches had risen in 2020/21 but had fallen in the current year to date. The College was making better use of secure shared folders, and the training was having a positive impact. No breaches had been required to be reported to the ICO.
		Governors agreed that it was a very comprehensive report. They asked who decided what was reported to the ICO. C Hoyes said she consulted with her assistant and the head of HR. The Committee advised that this was added to the report as a control. Staff had good knowledge of where to go for advice and support. The Committee asked if it was required to report breaches to any other organisation other than the ICO. If it was a large breach, the ESFA would need to be informed as part of normal reporting arrangements on advice of the ICO.
		Governors asked about cyber-hacking and whether the College carried out penetration tests. S Jones drew attention to the Cyber Essential self-assessment. The College had robust procedures in place. S Jones agree to ask the IT department for more information on penetration tests.
		The Committee **noted the report.**
3.4	Scheme of delegation	E Baldwin introduced the Governor Scheme of Delegation which had been developed in response to an internal audit recommendation. The Scheme brought together information from existing documents and policies, such as the Instruments and Articles, Standing Orders and Financial Regulations.

		The Committee welcomed the Scheme. They suggested that financial waivers and changes to the Financial Regulations were also reviewed by the Audit and Risk Committee. The Committee **recommended** the Scheme to Corporation for approval.
3.5	Progress report on outstanding audit recommendations	S Jones introduced the report on outstanding audit recommendations. Of the 20 recommendations, there were 8 that were overdue/part implemented. The Committee agreed the following: • To remove the recommendations relating to Capturing Enquiries and Risk Register as proposed in the paper • To mark as complete the action related to appraisal documentation, as evidence had now been secured • To remove the action on training and development as the majority of the action had now been completed, with only a small value-added element left • To retain the part of the Learner ID recommendation regarding learners providing drivers licences/passports but to remove the recommendation related to electronic signatures It was noted that some of the recommendations would be superseded by the findings of the ESFA audit but it was recommended that they be retained until the report was finalised. The Committee **received** the report.
3.6	Internal audit plan and strategy 2020/21	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. Governors discussed the audit briefs for the next set of audits. On budget management, L Glover confirmed that he would be taking a sample of records to look at variance and demand management. It was a critical audit so that the Committee could understand the control environment to counter over-spend. S Jones explained why resource utilisation was of particular interest to the College due to the high level of staff costs. N Hunter asked for more information about the College's contract management systems. It was agreed that this could be an area for audit in 2022/23. Environmental sustainability and IT security were also priorities for the College. The Committee **received** the report.
3.7	Financial regulations review	S Jones introduced the Financial Regulations and explained the key changes that were being proposed. It was noted that the paper had also been shared with the Chair of Finance & Resources. The Committee discussed the restrictions on use of petty cash, and asked for assurance that it did not prejudice against those that did not have bank accounts. S Jones said this was why exceptions had been built into the system.

		The Committee also discussed the raising of the threshold for the requirement of two quotes. S Jones explained that the change was to reduce bureaucracy but that value for money would still be policed by the procurement team. Budget holders were also constrained by tighter budgets and therefore had an incentive to get multiple quotes. S Jones confirmed that the College did have an approved suppliers list but it was important to continue to get quotes where appropriate. N Hunter recommended the procurement team undertook spot checks on invoices to check for value for money. The Committee **recommended** the revised Financial Regulations to Corporation.
4.1	**Role of the Audit Committee**	E Baldwin introduced the paper on the role of the Audit Committee. A new guidance document had been published on the scope of work of the Audit Committee and internal auditors. The document included some useful information on the role of the Committee, best practice in quality of committee papers, relationship with internal auditors and developing an internal audit schedule. The Committee agreed that the Clerk should look into the area of value for money more thoroughly. The guidance would also be useful in interviewing new internal auditors and as a model for the Audit Committee's annual report.
4.3	**Any other business**	S Jones confirmed that there had been no instances of fraud at the College since the last meeting. *L Glover left the meeting.*
4.2	**Appointment of internal auditors**	*N Harrison left the meeting* The Committee noted the process for the appointment of internal auditors. N Hunter agreed to join the selection panel. Members discussed the scoring criteria. They agreed that experience of the sector should be added to the criteria.
4.4	**Self-Assessment of Governors' Performance**	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. Governors agreed it had been a useful meeting with ample opportunity to contribute.

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