

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: Thursday 10 March 2022 at 16.00 in 4F07- DHB Boardroom

Present	In attendance
John Williams (Chair)	Richard Lewis (RSM) (Via MS Teams)
Steve Roberts	Stephen Pringle (Wylie Bisset) (Via MS Teams)
Tiffany Lythgow	Graham Gillespie (Wylie Bisset) (Via MS Teams)
	Chris Malish (VPF&CS)
	Sarah Cooper (DPS)
Apologies	Marc Gillham (VPD&F)
Ann Kendal	Sarah McKenzie (Clerk)
Azim Kidwai	Allison McEvoy (Assistant Clerk)

The quorum was two committee members

L/J Denotes the time any individual left/ re-joined the meeting.

Item		Action/ Report Item
Closed session		
1.	<u>Members to meet with Auditors in the absence of management</u>	
1.1	A closed session took place between the Audit Committee members and the auditors. Wylie Bisset (internal audit) gave a summary update in terms of the 2021-22 audit work. There had been a number of changes in personnel which had caused some issues with collating data on time but the plan was now fully up to date and everything was on track. It was noted that the Clerk had been very supportive in coordinating interactions between the auditors and management.	
1.2	Q. Did you receive the appropriate response from management when you were carrying out the audits? A. We had some delays due to change in personnel and procurement of some data, which caused delays in some of the fieldwork. The Clerk helped by liaising with management on our behalf.	
Open session		
2.	<u>Introductions, Apologies for Absence and Disclosure of Interest</u>	
2.1	The Chair welcomed everyone to the meeting.	
2.2	Apologies were noted for Ann Kendal and Azim Kidwai.	
2.3	John Williams disclosed an interest in relation to his position on the Askham Bryan College Board, the Committee noted the disclosure but could not foresee any conflicts of interest.	

<p>3.</p> <p>3.1</p>	<p><u>Chair's action</u></p> <p>There had been no use of Chair's actions since the last meeting.</p>	
<p>4.</p> <p>4.1</p>	<p><u>Minutes of the meeting held on 15 December 2021</u></p> <p>RESOLVED: That the Minutes of 15 December 2021 were approved as an accurate record and can be signed by the Chair.</p>	
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p> <p>5.5</p>	<p><u>Matters arising</u></p> <p>The Matters Arising Report was reviewed.</p> <p>RSM had provided the Audit Committee with a BEING "SCAM SAVVY" IN THE CYBER WORLD document for information and it was agreed that it was a useful document to share and should be circulated to all of the Governors and staff.</p> <p>Q. When was the last time penetration testing was conducted at the College and how frequently is this carried out? A. Nine months ago.</p> <p>ACTION: The VPF&CS will provide an update on how frequently penetration testing is carried out.</p> <p>ACTION: Clerk to circulate the document BEING "SCAM SAVVY" IN THE CYBER WORLD to Governors and the VPF&CS to circulate it to the staff.</p>	<p>VPF&CS</p> <p>Clerk/ VPF&CS</p>
<p>6.</p> <p>6.1</p>	<p><u>ESFA Funding Assurance Review – update</u></p> <p>The VPD&F provided an update on the ESFA Funding assurance review. The update was relating to the outstanding item of £173,300 of Learning Support claimed within Apprenticeship Provision.</p> <p>It was reported that in working with the auditors, it became apparent that key evidence was missing that evidenced impact of the Learning Support being claimed, while initial diagnostics had been completed there was not sufficient evidence of how this was then personalised to each learner. As the sample was widened it was clear that there was a procedural gap that meant issues effected all learners. As a result, the college conceded the point and an indicative amount of £173,300 will be subject to clawback by the ESFA.</p> <p>The College is still waiting on a final amount to be confirmed from the ESFA, this amount will not be a higher figure.</p> <p>The VPD&F explained that as part of the audit, the College was able to demonstrate that the issues with the claim in 19/20 had been addressed,</p>	

	<p>therefore the ESFA will not be looking at claims made after 19/20 at this point.</p> <p>It was reported that the college's internal audit function had already started working with all areas of the college that deliver Learning Support to ensure continued compliance, substantial Audit reviews will continue to be conducted every academic year.</p> <p>6.2 Q. When will the final amount be confirmed by the ESFA? A. We are due chase this up with the auditor tomorrow.</p> <p>6.3 Q. Did we realise there was a problem with this because it looks like we corrected it in the following year? A. There was a recognition that it needed tightening up within 20/21 and some nervousness when we saw it drop. There was an acknowledgement that we needed to be better at it, it also coincided with a changing in the rules regarding learner support.</p>	
Internal Audit		
<p>7.</p> <p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p>	<p><u>Internal Audit Reports:</u></p> <p>Wylie Bisset gave an update on the Internal Audit Reports:</p> <p><u>7.1 Student Experience</u></p> <ul style="list-style-type: none"> • The Student Experience report had an overall conclusion of STRONG assurance. • Due to the strong nature of the controls in place, no recommendations were made. • There were 16 areas of good practice. <p><u>7.2 Curriculum planning and course costings</u></p> <ul style="list-style-type: none"> • The Curriculum planning and course costings report had an overall conclusion of SUBSTANTIAL assurance. • There were 3 medium graded recommendations and 1 graded low. • There were 10 areas of good practice. <p>Q. How do you assess or justify the courses? Is there a certain criteria? A. We drive any decisions around the student experience rather than a financial decision.</p> <p>Q. On the management response 'this will be completed for the final round of business planning in 21/22'. I am presuming we will continue on after that? A. Yes, reconciling forecasts and final budget is an evolving piece.</p>	

7.5	<p><u>7.3 Inhouse Catering and Inhouse security</u> <i>J-TL</i></p> <ul style="list-style-type: none"> • The Inhouse Catering and Inhouse security report had an overall conclusion of WEAK assurance. • There were 8 recommendations, 5 graded high, 2 graded medium and 1 low. • There were 7 areas of good practice. 	
7.6	<p>Q. How would you have graded in-house security if it had been a separate report? A. Probably strong or substantial.</p>	
7.7	<p>Q. Were there any surprises? A. During the pandemic our inhouse catering contract served notice so we decided to bring catering inhouse. With hindsight our plans weren't robust enough. The idea of bringing catering inhouse was to address the strategic objective to be an employer of choice and allowed us to be more flexible in terms of what we could provide in contributing to the student experience. Due to Covid restrictions, we had to furlough until September 2021. There are learnings from what happened but the issues caused by the pandemic didn't help.</p>	
7.8	<p>Q. How will we address the risk of a regularity breach - funding may not be used for the purposes intended? A. It was an acceptable use of funds during the pandemic. Not having that provision in place and the contingency for that will be something we need to pick up with the ESFA.</p>	
7.9	<p>Q. So the fact that we can specifically evidence where the funds have gone will be sufficient? A. Yes</p> <p>RSM explained that the risk of a regularity breach needed to be resolved sooner rather than later and definitely before the year end, as it will have an impact on the RSM regularity opinion.</p>	
7.10	<p>ACTION: The VPF&CS will meet with Richard Lewis (RSM) to discuss any impact relating to the risk of any regularity breach.</p> <p>The VPF&CS provided an update on the actions being taken in response to the high recommendations.</p>	VPF&CS
7.11	<p>Q. Can we move the implementation dates forward by a day from 1 Aug to 31 July, so that we can be assured of implementation in the current financial year? A. Yes, we can ensure the actions are implemented within this financial year.</p>	

7.12	<p>Q. Will any decisions made on inhouse catering be taken to the Finance & General Purposes Committee? A. Yes, they will need approving by the F&GP Committee.</p>	
7.13	<p>ACTION: It was agreed that the internal auditors will conduct a follow up on the in-house catering recommendations in July 2022, when the actions relating to the recommendations will be in place.</p>	VPF&CS
7.14	<p><u>7.4 Business Continuity Planning & Disaster Recovery</u></p> <ul style="list-style-type: none"> • The Business Continuity Planning & Disaster Recovery report had an overall conclusion of WEAK assurance. • There were 6 recommendations, 5 graded high and 1 graded medium. • There were 5 areas of good practice. <p>The VPF&CS advised that an audit carried out into IT 2 years ago concluded strong assurance with no recommendations and that the outcome of this report is not a reflection on the effectiveness of the team, it relates to documentation not being up to date.</p> <p>The Committee had an in-depth discussion about the rise in cyber- attacks and the constant threat they pose to colleges. It was noted that the college is constantly under attack and noted that the I.T team were making an outstanding effort to ward off these kinds of attacks.</p> <p>The VPD&F advised that SLT will be having a session with JISC (Sector Experts in Cyber Security) on 30 March on cyber security and leadership which will then be rolled out to the Governors.</p>	
7.15	<p>Q. When was the last I.T back up conducted and how often are they done? A. They are carried out on a daily basis.</p>	
7.16	<p>Q. Can we as a committee be assured that our I.T security is robust and that it is just the paperwork that is an issue? A. Yes, we will provide more assurance when we update the committee at the next meeting.</p>	
7.17	<p>ACTION: The VPF&CS will provide an update on the actions arising from the Business Continuity Planning & Disaster Recovery report at the next meeting (May 2022).</p>	VPF&CS
7.18	<p>ACTION: The VPD&F will consult JISC to establish if the frequency and mode of the back- ups is in line with best practice.</p>	VPD&F
7.19	<p>Q. Why are we waiting until June to do the disaster recovery testing if the plan is going to be updated by the end of April?</p>	

<p>7.20</p> <p>7.21</p> <p>7.22</p> <p>7.23</p>	<p>A. We will put this to the I.T Head of Department and come back to you on that.</p> <p>ACTION: The VPF&CS will report back to the Committee regarding rescheduling the disaster recovery testing to an earlier date.</p> <p>ACTION: It was agreed that the internal auditors will conduct a follow up on the <u>Business Continuity Planning & Disaster Recovery</u> report recommendations in July 2022 when the actions relating to the recommendations will be in place.</p> <p><u>7.5 Student Recruitment</u></p> <ul style="list-style-type: none"> • The Student Recruitment report had an overall conclusion of SUBSTANTIAL assurance. • There were 4 recommendations, 1 graded medium and 3 graded low. • There were 10 areas of good practice. <p>It was noted that the management does not accept recommendation 3 and 4 which were rated as low.</p> <p>The Audit Committee understood the rationale and accepted that the management does not accept the recommendations 3 and 4.</p> <p>Q. Do we need to reflect anything in the Audit Committee Annual Report around items that have not been agreed?</p> <p>A. Just that the Committee had accepted the management responses not to accept the recommendations.</p>	<p>VPF&CS</p> <p>Wylie Bisset</p>
<p>8.</p> <p>8.1</p>	<p><u>Internal Audit Recommendations – follow up (management)</u></p> <p>The VPF&CS provided an overview of the Internal Audit Recommendations – follow up carried out by management. The report provided the Committee with an update on audit actions arising during the 2019/20 and 2020/21 academic years.</p> <p>In 2019/20 there were eight audits that generated 43 recommendations of which 37 (86%) are now complete. Of the 6 remaining actions 3 are rated medium, and 3 rated low. Staffing issues (leavers and vacancies) have caused delays.</p> <p>In terms of audits carried out in 2020/21 16 recommendations were generated of which 11 (69%) are now complete. Of the 5 remaining actions 2 are rated medium, and three rated low.</p> <p>The Committee were informed that with staff either now in post or due to start in post, the remaining 11 actions from across 2019/20 and 2020/21 will now be a focus for completion.</p>	

8.2	The Committee requested that in future, before any recommendations go out of date, they are brought to the Audit Committee to request and agree on a revised date.	
8.3	ACTION: The VPF&CS to include any external audit recommendations on future follow up reports.	VPF&CS
Governance and Risk		
9.	<u>Report on Whistleblowing, Fraud and Other Irregularities</u>	
9.1	<p>The VPF&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities, reporting that since the last report in December 2021 to Audit Committee, there have been no instances of whistleblowing or irregularity occurrences.</p> <p>It was also reported that there are still nine open insurance claims with a total potential settlement value of £522,282, which is made up of three employer liability, two public liability, two property related and two as a result of previous computer thefts. There will also be a new insurance claim submitted due to a fire breaking out in the Lister building recently.</p> <p>The Committee noted the report</p>	
10.	<u>Strategic Risk Management</u>	
10.1	<p>The Committee reviewed the Strategic Risk Register. The VPF&CS advised that there were no changes since the last Corporation meeting (December 2021) due to the scheduling of the meetings and committee having not met again since then.</p> <p>The Committee were assured that the monitoring and management of risks is being carried out.</p> <p><i>L/ GG, SP, RL</i></p>	
Appointment of auditors		
11.	<u>External Audit – extension to contract</u>	
11.1	<p>The Clerk explained that in line with the Corporation’s Policy for the engagement of audit services, which requires the retendering of contract for external audit on a 5 yearly cycle and the retendering of internal audit on a 3-yearly cycle, it was proposed that the current contract for external audit is extended from 3 years to 5 years.</p> <p>The VPF&CS confirmed that the current contract allows for such an extension and that a preliminary discussion had taken place with the current incumbent service (RSM), who had indicated that they were willing to extend.</p>	

11.2	<p>The Clerk explained that the Post 16 Audit Code of Practice 2021-22 was due to be published in March/April and that RSM had indicated that they will be able to provide a cost for the 2021-22 audit following its publication.</p> <p>ACTION: The Audit Committee agreed with the direction of travel, and requested a fully costed audit plan to be brought to the next Audit Committee meeting for consideration with a view to recommending it to the Corporation.</p>	Clerk
12.	<u>Internal Auditors – tender (verbal)</u>	
12.1	The Clerk provided a verbal update on the tender exercise for the internal audit service. It was agreed that the two highest scored tenders will be invited to give a presentation to a panel including the VP F&CS, the Clerk and Audit Committee members.	
12.2	ACTION: The Clerk to arrange for internal audit tender presentations to take place, as soon as practically possible.	Clerk
Any other business		
13.	<u>Election of a Vice Chair (verbal)</u>	
13.1	Members elected to appoint Steve Roberts to the position of Vice Chair of Audit Committee.	
14.	<u>Items for report to the Corporation</u>	
14.1	<ul style="list-style-type: none"> • Minutes of meeting – 10 March 2022 – for information • BEING “SCAM SAVVY” IN THE CYBER WORLD Internal Audit Reports • Election of Audit Committee Vice Chair 	
15.	<u>Any other business</u>	
15.1	ACTION: The Clerk to reschedule the 19 May 2022 Audit Committee meeting to a date to be agreed with the Chair and Committee.	Clerk
15.2	The Chair closed the meeting at 18.00.	
16.	<u>Meeting Evaluation</u>	Assistant Clerk
16.1	To be circulated by the Assistant Clerk.	

Approved by the Committee:

Agreed actions

No	Minute	Action	Who?
1	5.4	The VPF&CS will provide an update on how frequently penetration testing is carried out.	VPF&CS
2	5.5	Clerk to circulate the document BEING “SCAM SAVVY” IN THE CYBER WORLD to Governors and the VPF&CS to circulate it to the staff.	Clerk
3	7.10	The VPF&CS will meet with Richard Lewis (RSM) to discuss any impact relating to the risk of any regularity breach.	VPF&CS
4	7.13	It was agreed that the internal auditors will conduct a follow up on the in-house catering recommendations in July 2022, when the actions relating to the recommendations will be in place.	VPF&CS
5	7.17	The VPF&CS will provide an update on the actions arising from the Business Continuity Planning & Disaster Recovery report at the next meeting (May 2022).	VPF&CS
6	7.18	The VPD&F will consult JISC to establish if the frequency and mode of the back- ups is in line with best practice.	VPD&F
7	7.20	The VPF&CS will report back to the Committee regarding rescheduling the disaster recovery testing to an earlier date.	VPF&CS
8	7.21	It was agreed that the internal auditors will conduct a follow up on the <u>Business Continuity Planning & Disaster Recovery</u> report recommendations in July 2022 when the actions relating to the recommendations will be in place.	Wylie Bisset
9	8.3	The VPF&CS to include any external audit recommendations on future follow up reports.	VPF&CS
10	11.2	The Audit Committee agreed with the direction of travel and requested a fully costed audit plan to be brought to the next Audit Committee meeting for consideration with a view to recommending it to the Corporation.	Clerk
11	12.2	The Clerk to arrange for internal audit tender presentations to take place, as soon as practically possible.	Clerk

12	15.1	The Clerk to reschedule the 19 May 2022 Audit Committee meeting to a date to be agreed with the Chair and Committee.	Clerk
13	16.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk