

MINUTES



AUDIT COMMITTEE MEETING

Date: Thursday 9 June 2022

Time: 5.00pm

Venue: Board Room / Video Conference

Present:

Andrew Fawcett (Chair)
Gulnaz Brennan
Stephanie Nixon
Farhad Ahmad

In Attendance:

Bill Webster (Principal)
Garry Westwater (Executive Director of Finance)
Tim Openshaw (Assistant Vice Chancellor, Planning & Student Experience) (UoB)
Danny Harvey (PwC)
Deborah Bradburn (Clerk)
Jill Hebden (Minute Taker)

1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

1.1 Welcome to Members/Officers

The Chair welcomed members to the meeting, which commenced at 5.01pm.

1.2 Apologies for absence

Apologies for absence were received from Chris Ball and Jane Forbes.

1.3 Declarations of Interest

There were no declarations of interest.

1.4 Request for an item to be unstarred

No requests were made.

1.5* Minutes of the previous meeting held on 24 March 2022

The minutes of the meeting held 24 March 2022 had been previously circulated to members for consideration.

Agreed: that the minutes are approved as a correct record and authorised for publication.

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1.6 Matters arising from the previous minutes

The Clerk noted that all actions had been completed.

2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

2.1 Internal Audit Reports

(i) Cyber Security:

PwC presented the report and the following points were noted:

- The audit had not included testing cyber security controls and firewalls.
- Development of a strategy and governance model to keep risks under constant review.
- A security strategy required codifying for a high degree of transparency and assurance.
- Cyber security risks were managed better at the College than PwC observed at other institutions.

Governor Questions:

Does the College have a sense of testing controls and firewalls?

The College was Cyber Essentials compliant and employed a dedicated cyber security officer. There were a number of online and mandatory CPD requirements in place and staff were regularly tested with rogue emails and phishing exercises. The College also continued to work with JISC who conducted further resilience testing. The College was never complacent given the number of attacks in the sector and had bespoke cyber security insurance in place.

Did we complete general IT and finance control testing?

The College operated multifactor authentication and system testing was taking place with back up both on and off site.

RESOLVED:

The Committee noted the audit recommendations.

2.2 Internal Audit Progress Report 2021/22 – Audit Plan Update

PwC presented the report noting that the internal audits for 2021/22 were drawing to a close.

Business continuity had been brought forward from the 2020/21 audit plan schedule. The College requested that this be carried forward to the next academic year and

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conducted early in the programme in order to work collaboratively with the University Group.

Governor Questions

Will the business continuity audit be completed early in terms of timing and sequence?
Yes, it was the aim to have it early in the programme.

RESOLVED:

The Committee noted the outstanding audit recommendations report and agreed that the business continuity audit be carried forward to the 2022/23 audit schedule.

(Change in the order of the Agenda)

2.4 Proposed 2022/23 Internal Audit Plan

PwC proposed a broad range of activities for next year including:

- General ledger controls and key changes
- Human resources
- Stakeholder engagement with local employers and the community
- T level readiness
- Group apprenticeship provision

RESOLVED:

The Committee agreed that the T Level readiness audit be deferred until 2023/24 to accommodate a larger cohort of T level learners and ensure a more meaningful audit and that the internal audit plan be circulated in advance to assess the scope and which audits should be progressed that would add value.

ACTION:

PwC to circulate 2022/23 internal audit plan.

Mr Danny Harvey left the meeting at 5.30pm

2.3 Outstanding Audit Recommendations: Monitoring Schedule

The Executive Director of Finance noted the three outstanding audit recommendations for health and safety that related to software that the College was looking to purchase.

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Governor Questions:

Are new staff inducted in health and safety?

Yes.

Does the College suffer from having a Group audit schedule in terms of the number of audit days available to the College?

The College has more audit days because of the University Group audit schedule as some days are set aside for more Group audit activities, in addition to those solely dedicated to the College.

RESOLVED:

The Committee reviewed and noted the outstanding audit recommendations: monitoring schedule.

2.5 Risk Management / Risk Register

The risk management annual report which summarised the College's approach to risk was presented and discussed.

- The changes related to the cost escalation, adult funding, cyber security and the new accountability framework to all apprenticeship providers.
- A key concern was staff recruitment and retention that was a live issue and at the next review would be changed to a RAG rating of red due to the areas of concern and recruitment of high quality staff to certain courses.

Governor Questions:

Does the College know what the clawback will be for adult education funding and when it could crystallise?

The College is in a considerably better position than last year, although the target will not be met. The final activity report will be sent to GMCA in October/November at which point clawback will be finalised.

The College noted receipt of the funding letter from the GMCA that included the new community-funding budget as novated from the local authority. There was an agreement of continued close working with the Council in relation to the community budget to ensure that the College could demonstrate expenditure on community activities.

RESOLVED:

The Committee noted the update to the Risk Management / Risk Register and that it was an accurate reflection of the risks and how those risks were being addressed.

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2.6 ESFA Audit Code of Practice 2021/22

The Clerk provided an update and overview of the changes made to the annual update of the ESFA Code of Practice, as revised in April 2022. The College's assessment of compliance against the Code had been reviewed and any areas for amendment had been identified. The following was noted:

- Thirteen changes had been made related to points of clarification, explicit reference to audit committee responsibilities and what constituted a reportable significant fraud.
- Transparency on where the ESFA acquired additional assurance information from that included local authorities, GMCA and OfS.

RESOLVED:

The Committee noted the ESFA Code of Practice report.

3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

No items

4. SECTION D - ANY OTHER BUSINESS

4.1 ESFA Policy / Funding Rules / Conditions of Grant Changes

This was a standing item on the agenda to discuss noteworthy matters. The following was noted:

- The Office of National Statistics were considering the reclassification of colleges, which could potentially lead to the reclassification of colleges as public sector. If the reclassification occurred, colleges would be required to measure and safeguard cash on a fiscal basis in the same way as the local authority. The College would seek further advice around the impact on the College as a Designated Institution.
- The rules on apprenticeship breaks in learning were to be more robust with a change to 'off the job' learning from 20% to six hours and the requirement for substantive hourly contracts.

RESOLVED:

The Committee noted the update provided.

ACTION:

- Advice to be sought on the impact of reclassification on the College.

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- Approval sought from the Chair of the Board for monthly management accounts to be circulated to the audit co-opted member following recommendation of the Committee.

Recommendations:

The College could look to move towards a controlled reliance approach to audit, similar to the US model ie. testing internal systems and internal audit controls.

5. SECTION E - FUTURE MEETINGS

Thursday 20th October 2022 at 5.00pm

There being no further business to discuss, the meeting closed at 6.10pm

Chair's Signature:

A handwritten signature in black ink, appearing to read "A. D. Jowett", written in a cursive style.

Date: 31 October 2022