



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Tuesday 22nd September 2020 from 5.00pm via Zoom.

Unconfirmed Minutes

Present: Mr A Nelson, Ms H Haigh, Mr K Webb (attendance 50%)
In attendance: Mr J Flynn, Ms J Thomas, Ms R Harris (up to agenda item 5) and Mr A McCulloch (Tiaa)
Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies were received from Mr G Wright, Mr N Uppal and Mr A Leach.

There were no declarations of interest.

2. Minutes from Meeting held on 9th June 2020

It was noted that the unconfirmed minutes had omitted to record Mr Flynn's attendance at the meeting.

Resolved:

- That these be accepted as a correct record, subject to agreed amendment.

3. Matters arising

Data Protection & Security Report 2019/20 :

It was noted that the amended report has since been shared with governors.

Ms Harris advised the committee that PEN (penetration) testing and other vulnerability assessments are only carried out on college provided devices. Any personal devices used on site (BYOD) access the HNC-Guest Wi-Fi network only which sits in a separate area on the college's firewall and not within the server. Internet access on personal devices is however subject to the same filtering as the college devices.

Internal Audit Reports:

The outstanding audit findings report on Assurance Review of Staff Performance Management (Feb 2020) is included within tonight's agenda for consideration.

Recommendation tracking :

It was noted that the recommendations from external audit have now been included within the tracker report; which is also been presented to the committee (see agenda item 6).

Board Assurance Framework 2020/21:

The Committee acknowledged that the BAF strategic risks for 2020/21 had been resubmitted for further comment (agenda item 12) and that the college's COVID 19 risk assessment had also been included on tonight's agenda (agenda item 11).

Code of Practice and Procedure on Whistleblowing:

The Clerk explained that to date no responses had been garnered from the clerks' network in answer to the committee's query. The Committee welcomed feedback at its next meeting.

Post 16 Audit Code of Practice:

The Clerk confirmed that the Post 16 Audit Code of Practice had been published in July 2020. The required self-assessment questionnaires were presented for approval tonight (agenda item 10).

Performance Indicators for Auditors:

Mr Nelson confirmed that the Clerk had advised Mr McCulloch of the committee's assessment of the auditor's performance against their service provider indicators. Mr McCulloch took this opportunity to remind the committee that audit scopes are documented at the point of the annual audit plan being presented to the Audit committee for approval. This was accepted by members, who agreed in turn to amend the assessment in light of this information to indicate that the measure had been met, however it was also acknowledged that the brevity of the scope provided at this point was not particularly useful to staff; who report to use the Audit Planning Memorandum (APM) for audit preparation, which has historically been produced circa 2 weeks prior to the audit start date. The APM sets out the audit timings, auditor assigned, re-iterate the agreed scope and the list of documentation that auditors would like ready for the audit. It is also an opportunity for the College to revisit the scope should things have changed since the plan was first approved. Mr McCulloch accepted this point. He advised the committee that for 2020/21; APMs will now be provided to the college 6 weeks prior to audit start (timings permitting) to provide a better way of reviewing scopes to ensure relevance and to identify any changes in risk or processes. The committee welcomed this development.

Resolved:

- **For the performance indicator to be amended to reflect measure on audit scopes had been met.**

4. Internal Audit Reports:

Mr McCulloch presented Tiaa's reports to the committee:

- Assurance review of staff performance management (February 2020)

The review considered the arrangements in place for performance management of the teaching and support staff at the College. The review focused on the framework in place for performance management and how it is applied, how competencies and targets are determined and monitored, the review cycle and the actions taken when performance is deemed to be below expectation.

The audit concluded that:

- the College has robust arrangements to monitor and track staff performance.
- Staff Progression and growth is both encouraged and managed well within the College.
- Expected milestones reviews and agreed standards are in place for teaching and support staff
- Testing identified no issues with the application of the framework or the supporting documentation.

The overall assurance assessment assigned was substantial. There were no recommendations made and no operational effectiveness matters were raised for consideration.

- ICT High Level Health Check Review (July 2020)

Mr McCulloch explained that the review looked at the high-level arrangements operating in relation to the IT Disaster Recovery Plan, ICT Management Controls and ICT Network Security including Cyber Security. The scope of the review did not however include detailed testing of the arrangements operating.

The audit findings noted that:

- There is governance oversight of the ICT service in the form of summary Data Protection and Security termly reports.
- There are adequate backup processes and procedures in place to help ensure the integrity and availability of data.
- Business Continuity and Disaster Recovery plans are in place and have undergone very recent review and approval.
- a key service contract due to expire in July 2020 had been renewed.

The overall assurance assessment assigned was substantial. There were no recommendations made. There was one operational effectiveness matter raised which was for consideration to be given to the implementation of an appropriate internal vulnerability scanning tool to help provide additional assurance over the security of the network and the devices connected to it. Ms Harris explained to the committee that the college had reviewed this previously when external vulnerability testing was being arranged, at that time the impact and assurance it offered did not justify the cost and resource that would need to be assigned to it and the processes and protection we had

in place were substantial. However, the college is to revisit this again due to increased reliance on IT resources for staff and students.

Resolved :

- **That the reports be received**
- **For the minutes to record the committee's thanks to all staff involved in the audits.**

5. Cyber Security breaches and testing report : 2019/20 Term 3.

Ms Harris reminded the committee that this report is produced termly to collate the results of security testing; PEN testing, email testing, attempted attacks, security breaches and cyber security risk assessments thus providing comprehensive assurance to SLT and Governors that the college is doing as much as it can to mitigate these risks.

Ms Harris reminded the committee that during the period of this report, the College had temporarily moved to a remote learning/working phase and went on to explain that significant amounts of online awareness information, in particular on cyber vigilance and cyber crime, was distributed to all staff and students during the remote learning/working period.

Ms Harris drew the committee's attention specifically to the results of the simulated phishing test undertaken on 1st May 2020. Ms Harris advised members that as it was a sophisticated, highly disguised test a significant number of staff were anticipated to fall for it. Ms Harris confirmed that 34% of staff failed this test which prompted further in depth training for all staff (not just those that had responded) to again focus on cyber security.

The committee were of the opinion that it would be beneficial for governors to also undertake the cyber security training with a view to also being included in future simulated phishing tests.

The Committee agreed that the report continues to provide comprehensive assurance to the committee that the college is doing as much as it can to mitigate against cyber security risks. And in particular are continuing to follow all business processes and procedures designed to protect the college from fraud.

Resolved:

- **That the report be received**
- **For the clerk to organise cyber security training for all governors**
- **For governors to be included within future simulated phishing tests, post training.**

6. Recommendation tracking

Ms Thomas presented her report to the Committee.

She explained that all recommendations from audits undertaken during 2019/20 have been incorporated into the tracker. It was noted that all outstanding recommendations are reported to be on track for being completed by the recorded implementation date. The committee enquired as to whether the proposed dates were realistic in light of COVID 19 restrictions. Ms Thomas was of the view that outstanding implementation dates remain achievable subject to no further national lockdown.

Ms Thomas confirmed that all completed recommendations will however remain on the tracker until confirmed as completed by the Internal Auditors' follow up review in 2020/21. There are no other items from other external, TPS or other audits to follow up.

Resolved:

- **That the report be received.**

7. Annual Internal Audit Report 2019-20

Mr McCulloch presented the 2019/20 Annual Report on the internal control environment at HNC. He explained to members that the annual internal audit report summarises the outcomes of the reviews that TIAA have carried out on the organisation's framework of governance, risk management and control. This report is therefore designed to assist the Corporation in making its annual governance statement.

Mr McCulloch confirmed to the committee that TIAA is satisfied, that for the areas reviewed during the year, that HNC has reasonable and effective risk management, control and governance processes in place. Also there is evidence to support the College's achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed.

Resolved:

- **That the report be received.**

8. Internal Audit Strategy for 2020-21

Mr McCulloch explained to the committee that the proposed Audit Plan for 2020/21 had been developed by carrying out and update audit risk assessment to ensure that the planned coverage for the year is focussed on the key audit risk areas and that the coverage will able Tiaa to provide an overall audit opinion on the overall adequacy and effectiveness of the college's framework of governance, risk management and control as required for the Audit Committee's Annual Report.

Mr McCulloch explained that the proposed strategy is based on the inherent risks facing HNC as well as those within the sector. Mr McCulloch advised the Committee that the rolling strategic plan to 2022/23 had been drafted with Ms Thomas. The College Senior Leadership Team has also considered, and is in agreement with the proposed audit plan. Ms Thomas explained that there was one proposed change to the audit plan for this year, in comparison to what was presented within the rolling plan last year. Ms Thomas explained that senior leaders were of the opinion to postpone the dedicated governance assurance review (structure and processes) by one year (to be undertaken during 2021/22) in order to bring forward an additional finance assurance audit on ordering receipt and payments (in addition to budgetary control). The committee endorsed this proposed change to the audit strategy, members recognised that governance arrangements will however remain subject to audit testing through other planned assurance reviews thus enabling Tiaa to remain able to provide an annual opinion on governance processes alongside risk management and control and ongoing financial viability.

Governors were of the opinion that the Strategy for Internal Audit covers the College's key risks and assurance needs. The Committee was therefore agreeable to the proposed internal audit plan for 2020/21 based upon 20 days of audit activity.

The Committee asked for the final version of the audit strategy and audit plan to clearly indicate at what point of the 3 year rolling programme; each individual audit has been undertaken or is planned to be undertaken to enable changes to be easily tracked and monitored. Mr McCulloch agreed to amend the table format included within the report.

Resolved:

- **That the Internal Audit Plan for 2020/21 be approved**
- **For the Internal Audit plan to be shared with all Governors**

9. Teacher Pension Scheme audit year ended 1st March 2020.

The Committee received the external Auditors certificate to confirm that contributions had been made in accordance with the TPS Employer's Guide for the year ended 31 March 2020.

Mr Flynn verified that the end of year certificate and the external auditors unqualified audit opinion had been provided to the Teachers Pension in advance of the deadline.

Resolved:

- **That the report be received**

10. Post 16 Audit Code of Practice Self assessment questionnaires 2019/20

Self-Assessment Questionnaires:

The Clerk reminded the Committee that the Post 16 Audit Code of Practice is relevant to accounting periods ending on or after 31 July 2020. To support corporations in drafting the statement of regularity, propriety and compliance, the Education and Skills Funding Agency (ESFA) have again published a self-assessment questionnaire. The self-assessment questionnaire is a required element of the Regularity Audit.

The Clerk also advised the committee that the ESFA has also published a Supplementary Bulletin to the College Accounts Direction 2019-20 which introduces a small number of additional requirements that college corporations must comply with in recognition that the audit process itself may be significantly affected by the COVID-19 related measures in place prior to and at the time of the audit, for example audit timeframes may be affected by restrictions in on-site working. To aid corporations in their assessment of regularity relating to COVID-19 issues, and to clarify the key considerations in this regard, a COVID 19 specific self-assessment questionnaire has been

issued which sets out additional issues for corporations to consider. A copy of this completed self -assessment must also be signed by the accounting officer and chair of governors and provided to the reporting accountant, alongside the standard Regularity Self-Assessment Questionnaire.

Members duly considered both self-assessment questionnaires. Members were in agreement with the colleges responses, however a minor clarification point was sought on one point raised within the questionnaire.

The Committee was in agreement for the Principal as Accounting Officer and the Chair to the Corporation to sign and date the self-assessment, with the agreed amendment, prior to forwarding it onto the College's External Auditors.

Anti-fraud checklist for post-16 providers :

The Clerk advised the committee that the Post 16 Audit Code of practice acknowledges that fraud occurs in every sector and that providers need to be aware of the potential for it to occur.

The ESFA has therefore drafted an Anti-Fraud Checklist for post 16 providers intended to help providers review their arrangements for preventing, detecting and dealing with fraud should it occur.

The Committee reviewed the Clerk's drafted responses to the checklist. Members acknowledged the college's sterling work to date to minimise and mitigate ransomware attacks and cyber fraud.

Members asked for the checklist to emphasise the range of training undertaken by staff and governors to date and /or scheduled for this term.

Audit Committee's Terms of Reference:

The Clerk explained to the committee that it is a condition of funding and this post 16 Audit Code that corporations must establish an audit committee and that the Corporation sets out clear terms of reference for the audit committee. As a minimum these should reflect accepted good practice for audit committees of publicly funded organisations as set out by ESFA. The Clerk confirmed that the Audit Committee's existing terms reflect those as set out by the Post 16 Audit Code of Practice 2019-20; minor changes are however recommended to existing terminology and phraseology to allow for an accurate and direct comparison. The committee was in agreement with the proposed changes.

Resolved:

- **For the Chair and Principal to sign and date the Self-assessment Questionnaires, once updated with the required amendment, prior to forwarding it onto the College's External Auditors.**
- **For the Clerk to amend the anti-fraud checklist to include description of training undertaken/planned.**
- **To recommend to the corporation the changes required to the committee's terms of reference.**

11. COVID 19 risk assessment : Update

Ms Thomas presented the college's COVID 19 risk assessment to the committee.

Members welcomed the opportunity to review the risk assessment addressing the risks associated with the College being open during the COVID-19 global pandemic. Ms Thomas explained that the risk assessment assumes full campus opening; the level of risk therefore alters (lowers) with a partial opening of the site.

Ms Thomas also advised the committee that underpinning the risk assessment are:

- HR sub-risk assessment
- HR FAQs
- Staff guidance
- Student guidance (in various formats, leaflets, booklets, videos etc.)
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Ms Thomas also advised the committee that positive relations and open communications have been sustained with professional associations.

Members took this opportunity to formally recognise the phenomenal action being taken by the senior leaders to ensure that the college is a Covid-19 secure environment, as evident by the comprehensive risk assessment. Time was taken however to consider the colleges responses to suspected / confirmed covid cases and in particular the possible impact on business continuity with regards to teaching and learning as well as support services. Ms Thomas advised the committee that business continuity plans have been updated in light of increased risks associated with COVID 19.

Resolved:

- **That the report be received.**

12. BAF 2020/21: Review

Ms Thomas re-presented the key business risks as identified by the senior leadership within the college's risk register for further review, post consideration of the committee's feedback at the last meeting.

The committee spent time exploring the level of continued risk posed to final year students given COVID. The committee acknowledged that the majority of HNC year 13 students in 2020 had progressed onto positive destinations given their centre assessed grades. However, concern was raised by members as to the level and types of progression routes remaining accessible to current year 13 students (and possibly the year after that) in light of lost learning as well as the reduced job market and competition for apprenticeships given the economy post covid. Ms Thomas explained that actions to be taken to best mitigate against specific risks to progression routes will be captured within the Careers departmental quality improvement plan rather than the college's Board Assurance Framework as a standalone strategic risk to college business. Members accepted this response.

The Committee reported to be satisfied that the Board Assurance Framework, in its entirety continues to provide an adequate and effective framework for risk management as well as a vehicle for open dialogue between committee members and senior leaders.

Resolved:

- **that the report be received.**

13. Any other Business.

There was no other business.

14. Learner Impact Reflection

The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:

- **The Committee continues to focus, scrutinise, challenge and support the college leadership team in sustaining and improving (where necessary) cyber developments.**
- **The Audit Committee has fulfilled its statutory and delegated responsibilities.**
- **Internal scrutiny of the operation of the college by clarifying the explicit lines of accountability to facilitate managed succession planning provides assurance to Governors that appropriate procedures are available and accessible to more than one staff member to ensure continuity and accountability of key business processes.**
- **The committee is assured that the college is taking a realistic approach to resources supporting counter fraud and effectiveness of counter fraud arrangements is being tested.**
- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.**
- **Assurance received that the college has adequate resources to continue in operational existence for the foreseeable future.**
- **Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the College.**
- **The Committee recognises that the Corporation has a responsibility to manage internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the College's strategic objectives**
- **Assurance that the college has compliance with laws and regulations**
- **Auditors ensure that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility**

for the effectiveness and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

- **Effective auditing services help governors understand student experience and learning outcomes.**
- **Ensuring safety of students, the quality of learning provided, the maintenance of IT and premises facilities, and funding of & Governor oversight of Strategic and Financial plans for students**

15. Determination of confidentiality

Supporting papers relating to the Board Assurance Framework are deemed confidential.

16. Date of next meeting: 10th November 2020 from 5pm (Via Zoom)