



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee meeting held on Tuesday 28th September 2021 from 5pm – 6.30pm via Teams.

Confirmed Audit Minutes

Present: Mr N Uppal (Chair), Ms H Haigh, Mr K Webb, Mr A Leach (attendance 100%)

In attendance: Mr J Flynn, Ms J Thomas, Ms R Harris (up to agenda item 4) and Mr A McCulloch (Tiaa)

Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

There were no apologies to record. The Clerk advised the committee that Mr Leach had confirmed that he would be attending late to the meeting due to professional commitments.

There were no declarations of interest.

2. Minutes from Meeting held on 15th June 2021.

Resolved:

- That these be accepted as a correct record.

3. Matters arising

Data Protection & Security Report (term 2)

It was agreed at the last meeting that all future reports are to highlight, if possible, trend analysis for cybersecurity and disaster recovery testing as well as IT security incidents. The committee noted that trend analysis had been included in the report to be considered under agenda item 4.

4. Cyber Security breaches and testing report : Term 3.

Ms Harris reminded the Committee that this report is produced termly, for presentation to the committee, to collate results of security testing, PEN testing, email testing, attempted attacks, security breaches and cyber security risk assessments.

The Committee was advised by Ms Harris that compared to last years term 3 report (2019-20) academic year, the following two main trends were identified:

- A change in the college's approach in relaying cyber security information to staff using easily digestible 'cyber savvy top tips', along with a regular training schedule and updates, has led to more security threats being spotted and reported, before they caused a breach of security
- The regularity of vulnerability assessments and PEN testing has ensured that the college does not receive critical or high alerts logged following testing.

The committee welcomed this developing trend analysis and in particular noted the positive impact of mandatory staff training in contributing to the cyber savvy culture of the college. No additional vulnerability or disaster recovering testing had been undertaken in term 3; efforts concentrated on simulated phishing email tests and PEN testing. The committee was informed that the email phishing test (Cyber-testing) was designed to evaluate staff response in a targeted area that the college had been focusing on as part of training. 7 members of staff failed this test. Further in-depth training was therefore completed by these members of staff using an online training course. They received a certificate of completion which was uploaded to their CollegelP staff area.

The PEN Test essentials was completed via Jisc. 3 medium alerts were recorded on the VLE system (Moodle) but presented zero danger to the College network or data. These issues were resolved internally by the IT Services team in collaboration with the software provider. The outcome report noted the lack of critical and high issues, which provides the College with confidence and assurance that the external perimeter is free of major vulnerabilities.

Ms Harris confirmed that there had been no IT Security Incidents or actual/suspected fraud reported during Term 3 (up to end of July 2021).

Post deliberations, It was accepted that there had been no critical or high risk issues that had negatively affected the College in term 3 and that the integrity of College security, networks and data was maintained due to the high level of protection systems in place. The committee was confident from the report that all high risks users had been quickly identified, and that follow up certificated training was provided to ensure that these users understood how to identify cyber threats. It was confirmed to the committee that college has in place Cyber Insurance, premiums are also lowered due to cyber security training plan in place.

The Committee agreed that the report continues to provide comprehensive assurance to senior leadership team and Governors that the college is doing as much as it can to mitigate against these 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**

Ms Harris left the meeting at this point.

5. Annual Internal Audit Report:

Mr McCulloch presented Tiaa's report to the committee:

- Follow up Report

Mr McCulloch explained to the Committee that the follow up review was carried out in May 2021 and considered whether the management action taken had addressed the control issues that gave rise to the recommendations from the below reviews.

- Quality Assurance of Teaching, Learning Assessments 2019/20
- Continuous Professional Development 2019/20
- Estates- Statutory Certification 2020/21
- HR Management-Recruitment 2020/21
- Creditor Payments 2020/21

The committee was advised that the key issue identified was that two of the eleven recommendations were yet to be implemented. One of the recommendations was from the 2019/20

audit which had passed its original implementation target date. All present noted that the committee had been briefed throughout the academic that the implementation of the thematic deep dives (teaching and learning assessments) had been delayed due to lock down and pressures placed on staff as a result of home working. Ms Thomas confirmed that the process for curriculum deep dives is to commence once teaching and learning has returned to normalcy.

Mr McCulloch confirmed that as of May 2021, the other recommendation was yet to be implemented but was within the target implementation date of September 2021.

The committee noted that the audit tracker (agenda item 6) provided a comprehensive update confirming that the recommendation regarding introduction of service level KPIs for the Finance Team's had since been implemented. All present recognised that the audit point would however remain on the tracker until signed off by the auditors at the next follow up review.

Resolved :

- **That the report be received**
- **For the minutes to record the committee's thanks to all staff involved in the follow up review.**

6. Recommendation tracking

Ms Thomas presented her report to the Committee.

She explained that all outstanding recommendations remain to be on track for being completed by the recorded implementation dates. Ms Thomas confirmed again that all completed recommendations would however remain on the tracker until confirmed as completed by the Internal Auditors' follow up review in 2021/22.

The committee agreed it sensible for progress against the external recommendations to be clearly mapped like the internal audit recommendations. This would give greater assurance to the committee that all external recommendations were being addressed and to be signed off within the findings report accompanying the end of year accounts audit. Mr Flynn advised the committee that as indicated by the tracker, all recommendations should not feature for 2021/22.

Resolved:

- **That the report be received.**
- **For the audit recommendation tracker to be revised to better track operational reviews in lead up to implementation dates for all accepted external audit reviews, similar to current practice for internal audit recommendations.**

7. Annual Internal Audit Report 2020/21

Mr McCulloch presented the 2020/21 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; despite the ongoing pandemic, 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.

Mr McCulloch took this opportunity to advise the committee that Tiaa have recently secured an appointment with the ESFA to undertake ILR funding audits. Mr McCulloch confirmed that there are no known conflicts of interest given this appointment.

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 2021/22 had been developed by carrying out an 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 2023/24 had been drafted with Ms Thomas with clear indication as to when the last audit had been undertaken for each of the key review areas. 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 bring forward payroll assurance review was necessary to realign the finance audit schedule going forward given that the committee will recall that it was agreed to undertake an additional finance assurance audit last year.

Time was taken for the committee to better understand the difference in scope between Student Experience and Pastoral appraisal audit and that of the Safeguarding and Prevent assurance audit to support the difference in timings within the audit schedule. Ms Thomas explained that the appraisal audit for 2021/22 will consider the College's approach to and delivery of student pastoral support and well-being activities and would provide objective and qualitative judgements on the colleges arrangements for the tutorial programme; student welfare; health and well-being; careers advice; and work experience. The safeguarding and prevent audit, scheduled for 2023/24 is an assurance review which builds upon the statutory annual audit undertaken by the college for the Kirklees Safeguarding Childrens Board. The committee was satisfied by this response.

Governors post deliberations, 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 2021/22 based upon 20 days of audit activity. It was noted however that the audit plan will remain under review throughout the academic year in order for the college to respond accordingly to any national changes in the FE sector, as required.

Resolved:

- **That the Internal Audit Plan for 2021/22 be approved**
- **For the Final version of the Internal Audit plan to be shared with all Governors**

9. Teacher Pension Scheme audit year ended 1st March 2021.

Mr Flynn advised the committee that the audit has now been completed successfully however the External auditors' certificate to confirm that contributions have been made in accordance with the TPS Employer's Guide for the year ended 31 March 2021 has not yet been received.

Mr Flynn explained that the audit had determined that the college had overpaid Additional Voluntary Contributions for three members of staff at a cost of £28.40. It had since been confirmed that AVC calculations had been made on fixed, rather than varied, figures. The calculation process has now been rectified and similar issues should be avoided going forward.

The committee asked for confirmation that the signed certificate is to be submitted as required to the relevant organisation by deadline of the last working day of September 2021. (Thursday 30th September 2021).

Resolved:

- **That the report be received**
- **For Mr Flynn to receive confirmation from the External Auditors that the signed certificate is to be submitted accordingly by the deadline**
- **For the Clerk to forward on a copy of the signed certificate to the audit committee once received by the college.**

10. Post 16 Audit Code of Practice Self assessment questionnaires 2020/21

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 2021. 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 again published a Supplementary Bulletin to the College Accounts Direction 2020/21 focusing on 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. 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. The Committee was in agreement for the Principal as Accounting Officer and the Chair to the Corporation to sign and date the self-assessment 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 again 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 continue to minimise and mitigate ransomware attacks and cyber fraud.

Members reported to be satisfied with the responses proposed.

Resolved:

- **For the Chair and Principal to sign and date the Self-assessment Questionnaires prior to forwarding it onto the College's External Auditors.**
- **For the anti-fraud checklist to be received and for the committees thanks to be recorded for the colleges (and governors) sterling work in minimising and mitigating ransomware attacks and cyber fraud.**

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 updated risk assessment addressing the risks associated with the College being fully. The committee was informed that all updates are in line with national guidance and with the DfE specific safety measures guidance.

Furthermore, the updated risk assessment continues to be supported by the Professional Associations including their Health and Safety Representative.

Ms Thomas explained that the risk assessment remains responsive to the local authority's contingency framework for managing local outbreaks given that Kirklees remains to be identified as a high risk area.

Members were satisfied with the comprehensive measures the college continues to have in place to continue to manage coronavirus and took this opportunity to again 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.

Resolved:

- **That the report be received.**

12. BAF 2021/22: Review

Ms Thomas presented the key strategic risks as identified by the senior leadership within the college's risk register for review, post approval of the college's strategic plan 2021-24.

The Committee was satisfied that the individual risks within the BAF are to be subject to assurance reviews as delegated amongst the Corporation and its Committees throughout 2021/22 and that each key risk has been assigned to a risk owner.

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.

Mr McCullouch left the meeting at this point.

14. External and Internal Audit Tender for August 2022 (confidential item)

15. 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.
- 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
- Effective auditing services help governors understand student experience and learning outcomes.
- Appointment of Auditors ensures 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 body and the safeguarding of their assets'.

15. Determination of confidentiality

Supporting papers relating to the Board Assurance Framework and audit providers tender process are both deemed confidential .

16. Date of next meeting: Monday 29th November 2021 from 5pm