



Confirmed Minutes

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

In attendance: Ms Lisa Smith (RSM Tenon), Mr A McCulloch (Tiaa) Mr A Hogg (W&B),
Ms J Thomas and Mr J Flynn.

Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Mr Nelson advised the committee that apologies had been submitted by Mr Wright. The committee was also informed that Mr Wright had also resigned with immediate effect; a decision prompted by change in professional commitments. Members wished to record their thanks to Mr Wright for his support, challenge and guidance during the time spent serving the committee.

There were no declarations of interested recorded.

2. Minutes from Meeting held on 9th December 2020

Resolved:

- That these be accepted as a correct record

3. Matters arising

External ESFA Funding Assurance Review – November 2020.

Ms Smith, Senior Manager, RSM Risk Assurance Services LLP presented the final draft of the report to the audit committee which details the findings and conclusions arising from the ESFA funding assurance review for the funding year 2019 to 2020.

Ms Smith explained that the review is designed to assess whether the college has complied with the 2019/20 funding documentation relevant to the ESFA funds provided and therefore whether those funds have been used for the purposes intended. The review covered the ESFA funded provision within the following funding streams: 16 to 19 study programmes.

Ms Smith advised the committee that audit reviewed the underlying data and evidence supporting the funding generated from the colleges final submitted R14 ILR return to the ESFA, seeking to confirm that HNC had complied with the 2019/20 funding documentation.

Ms Smith confirmed that no issues were identified which would result in a funding error as a result of the review and therefore no additional work was required.

Some data entry issues were however identified with 4 recommendations made for improving administration of ESFA funded provision. The committee noted that the senior leadership team had supported the recommendations made. It was therefore agreed appropriate for the recommendations to be listed on the audit tracker. Ms Thomas explained that the College, in response to the recommendations made, will ensure that fields continue to be quality checked and that regular PDSAT reports are run prior to every ILR submission, as per current practice. The Clerk advised the committee that at present the outcome of ongoing quality checks and PDSAT reports are presented to the F&R Committee as external assurances when reviewing the risk: inaccurate data submissions. The Committee therefore agreed it sensible for the reporting route to remain with the FR Committee and for this is to be reflected in the audit tracker.

The committee recalled that it was agreed at the last meeting for the final report to be circulated with all governors.

Resolved:

- **That the report be received**
- **For the recommendations to be included within the audit tracker**
- **For the final report to be made available to all governors.**

Final Audit Findings Report for the year ended 31st July 2020

The committee was advised that the report had been received and approved by the Corporation at its meeting in December 2020. The Clerk confirmed that it had been signed by Ms Williams and Ms Summers and forwarded onto the ESFA in advance of deadline – 31st January 2021.

Financial Statements and members report 2020

The Clerk confirmed that the Financial Statements and Members' Report had been approved by the Corporation at its meeting in December 2020, duly signed by Ms Williams and Ms Summers and forwarded on to the ESFA in advance of deadline – 31st January 2021. The signed report was also posted on the college's website as required by the ESFA in advance of the deadline 28th February 2021.

Confidential Reporting Code

The Clerk confirmed that the updated Whistleblowing Policy had been approved by the corporation at its meeting in December 2020 and was now available on the college's website.

Audit Committee Annual Report:

The Clerk confirmed that the Audit Committee's annual report had been presented to and received by the Corporation at its 17th December 2020 meeting. The signed report had also been forwarded onto the ESFA as required.

Chair of the Audit Committee.

The Clerk confirmed that expressions of interest have been received and that nominations will be now be presented to the S&G Committee for consideration; given that this committee, as per its terms of reference, is responsible for making recommendations to the corporation of committee membership. Membership options will also be considered in light of Mr Wright's recent resignation.

4. Data Protection and Security Report 2020-21 (term 1) and Simulated phishing test report

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 briefed the committee on the range of cybersecurity awareness information disseminated to staff and students during 2020/21 via staff briefings and staff news. The committee was informed that staff (and governor) training is now mandatory and fully embedded into the college's CPD programme.

Results from the cybersecurity testing were also shared with the committee for the simulated phishing tests. It was noted that no testing was completed during term 1 for PEN testing and vulnerability assessments – these are to be undertaken in term 2 and 3. Time was taken to also review the separate simulated phishing test report also prepared by Ms Harris. It was agreed that this information was helpful for the committee to receive but deemed it appropriate for the report to be anonymised in future. Mr McCulloch applauded the college for its comprehensive level of testing and training, especially in light of the increasing number of ransomware attacks in the sector.

Ms Harris also briefed the committee on the details of the two IT low level security incidents recorded during term 1 – namely an attempted attack in August 2020 and a security breach in November 2020 when a member of staff clicked a link through a rogue email on an offsite college device. The committee was satisfied with the prompt remedial action taken by the college in response to both incidents. It was noted that no incidents of suspected or actual fraud had taken place during term 1.

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**

5. External Audit: Audit planning Memorandum for year ended 31 July 2021.

Mr Hogg presented his report to the Committee.

The purpose of the report explained the scope of the Audits of the financial statements and regularity, the proposed audit approaches and highlighted the key risks that Wylie & Bissett will be focussing the external audit work upon.

Mr Hogg advised the committee that the audit will be performed so as to provide reasonable assurance that the financial statements are free of material misstatement and give a true and fair view and have been properly prepared in accordance with applicable law and United Kingdom General Accepted Accounting Practice.

The Committee considered and agreed to the timetable and communication plan proposed to ensure timely audit findings report, subject to there being no changes required post publication of the College Accounts Direction.

The Clerk agreed to advise the External Auditors of relevant meeting dates for 2021/22; once the meeting schedule has been approved by the corporation in July 2021.

Resolved:

- **To approve the External Audit Strategy and Planning Memorandum**

6. Internal Audit Reports: Assurance Reviews

Mr McCulloch presented the internal audit reports which reports summaries the outcomes of the reviews that Tiaa have carried out and the management's responses to the proposed recommendations.

Assurance Review of Creditor Payments (Jan 2021)

Mr McCulloch explained that the review considered the arrangements in place for processing and authorising payments for goods and services procured by the college. The review included the maintenance of supplier details and considered whether any changes to the process changes to the process, which have arisen due to remote working has resulted in gaps in the control environment. The overall assessment awarded was substantial assurance. One routine recommendation had been made in respect of determining relevant service level KPIs to help measure the ongoing performance of the finance team. Ms Thomas confirmed that new KPIs are to be discussed as part of the annual finance development plan which will be monitored through the SAR and QIP process. It was noted that no operational - effectiveness matters had been raised.

Assurance Review of HR Management – Recruitment (Feb 2021)

Mr McCulloch advised the committee that this review considered the arrangements for: the selection and appointment process for teaching and support staff. The review also considered the arrangements for any additions to basic salary that are provided to staff as part of their contract of employment. The

scope of the review did not include appropriateness: of salary scales; individual appointments; non-salary benefits.

Key findings were that the College has a Recruitment and Selection Protocol document that governs the recruitment and selection process. Testing undertaken relating to a sample of new starters showed that all relevant documentation had been obtained and retained. And that the Senior Leadership Team and the Board of Governors are regularly updated with the College's Human Resources Management activities. Substantial assurance was assigned to the audit with 2 routine recommendations made to and accepted by the senior leadership team. No operational-effectiveness matters had been raised.

Assurance Review of Estates – Statutory Certification (Feb 2021)

The committee was advised that the review considered how the College monitors and meets its health and safety obligations in relation to the following areas: Water hygiene, Fire Risk, Asbestos and Periodic Electrical Testing. The review considered the evidence provided to and retained by the College that demonstrates that the relevant activities and checks are being undertaken.

Reasonable assurance was assigned to the audit with 2 important and 2 routine recommendations made to and accepted by the senior leadership team. No operational – effectiveness matters had been raised.

Resolved:

- **That the reports be received**
- **To record the committees thanks to all staff that contributed towards the Audits.**

7. Recommendation tracker (Internal and External)

Ms Thomas confirmed that the recommendations taken from the recent Internal Audits and the ESFA funding assurance review will be incorporated into the tracker. Ms Thomas also provided a comprehensive overview of progress made on all other recommendations to date. The Committee welcomed the update and reported to be satisfied that all actions were being undertaken by agreed timelines. The committee asked for the tracker to continue to make clear any changes to timelines given Covid 19.

Resolved:

- **That the report be received.**

8. Risk Management Policy & Procedure 2021 & Statement of Risk Appetite

Ms Thomas explained that the College's Risk Management Policy is subject to a biennial review and as per the Corporation's Scheme of Delegation – The Audit Committee is to review, make comments and recommend any significant changes for corporation approval.

Members noted that the risk management policy continues to promote best practices to be adopted college wide in the identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level. Furthermore, the policy makes clear that risk management is not intended to focus only on financial impact; but rather it should also focus on operational impact. Risk is inherent in all College operations. All employees should understand the nature of risk and accept responsibility for the risks associated with their area. No proposed changes were therefore recommended.

The Clerk advised the committee that the Corporation first approved the risk appetite statement, as recommended by the audit committee with support from the Senior Leadership Team, in December 2017. It was agreed necessary for the statement of risk appetite to be reviewed at least every year and it was deemed sensible for these reviews to take place at the Corporation's Strategic planning days.

The Clerk explained that at the strategy planning day held on 26th February 2021, it was determined that the risk appetite was descriptive enough to continue to guide strategic and every day decisions and actions across the college by expressing clearly the extent of corporation's willingness to take risk in order to meet the strategic objectives at that time. It was agreed

appropriate however to refrain from listing each of the financial parameters given that financial KPIs are clearly cited within the strategic plan and are subject to regular review. It was also viewed appropriate to clarify that an increased degree of risk is only to be taken in developing education and student experience should the level of risk secure benefits for student outcomes and performance. These changes have since been made to the statement of risk.

The corporation however agreed it sensible to ask the audit committee, to undertake a final review of the statement of risk appetite. The committee, post deliberations, was of the opinion that no further amendments were required.

Resolved:

- **For the corporation to be advised that the audit committee did not identify any further amendments required to the statement of risk appetite.**

9. Risk Register & Board Assurance Framework: Overview

Ms Thomas presented the current key business risks as identified by the senior leadership within the college's risk register. Ms Thomas explained to the committee that the risks will be reviewed by the Risk Management Group and the senior leadership team in light of the revised strategic plan post corporation approval.

The Clerk confirmed that all current strategic risks identified throughout 2020/21 are on track, by the end of the academic year, to have all been subject to assurance reviews at committee or corporation level.

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.**

10. BAF Assurance reviews :

The Committee welcomed the opportunity to receive assurance updates on i) the college's business continuity and critical incident planning and management and ii) the IT and data security service.

Members agreed that the breadth of information included within the assurance reports had provided the necessary assurance that the existing controls in place are adequate and effective and in proportion to the individual risks being managed. It was also noted that there was a wealth of independent assurance sources cited within the reports thus confirming the college's commitment to best practice and regulatory compliance within these areas.

Resolved:

- **To assign green assurance rating to both individual risks**
- **For the Clerk to update the Master BAF.**
- **That the IT Security Framework be received.**
- **That the IT acceptable and Safe Use Policy be received**

11. COVID Risk Assessment

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

Members welcomed the opportunity to again review the risk assessment addressing the risks associated with the College remaining open during the COVID-19 global pandemic. Ms Thomas explained that the risk assessment remains a live document and is constantly reviewed and changes as necessary. Discussions therefore concentrated on the updates to the risk assessment since it was last reviewed by the committee.

The committee agreed that the risk assessments continues to highlight the robust mitigations and controls being undertaken by the college in order to ensure the safety of staff and students without compromising the learning experience; as demonstrated by the low level positive results amongst the college community. It was agreed appropriate however to explicitly state, within the risk assessment, the planned date for the next deep clean.

Mr McCulloch was also of the view that the risk assessment is very comprehensive and that all areas had been given due consideration with appropriate action recorded.

Ms Thomas also advised the committee that positive relations and open communications continue to be sustained with professional associations.

Members 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.

Resolved:

- **That the report be received.**

12. Any other Business.

The Clerk asked for the committee's views on how to proceed with meetings going forward especially as and when social distancing rules are relaxed. Members present raised a preference for a hybrid model with face to face meetings to resume when possible but for governors to be able to dial into meetings if necessary rather than only having the option to submit apologies should they not be able to be physically present at meetings.

13. 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:

- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and that the Audit Committee has fulfilled its statutory and delegated responsibilities for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.**
- **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.**
- **The Committee continues to focus, scrutinise, challenge and support the college leadership team in sustaining and improving (where necessary) cyber developments.**
- **Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the College.**
- **Effective auditing services help governors understand student experience and learning outcomes.**
- **An informed Board of Governors is effective in its scrutiny, challenge and support of the senior leadership team, thus ensuring positive outcomes and progress for all students**
- **To ensure that HNC continues to succeed and is able to continue to deliver a high quality of student outcome and experience.**
- **Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the College.**
- **The Corporation recognises its 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.**
- **Ensuring the College is maintaining the quality of learning provided, the accuracy of data management, the maintenance of ILT and premises facilities, to maximise the Student Learning, Experience and Outcomes.**
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14. Determination of confidentiality

Supporting documents for agenda item 3, 4, 8, 9 and 10 are to be determined as confidential due to nature of reports.

15. Date of next meeting: 15th June 2021 from 5pm