



Confirmed Minutes

<u>Present:</u>	Mr A Nelson (Chair), Mr K Webb, Mr N Uppal and Ms K Fleming (attendance 83%)
<u>In attendance:</u>	Ms J Thomas, Ms R Harris, Mr J Flynn, Ms H Foster, Mr A McCulloch (Tiaa)
<u>Clerk:</u>	Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies for absence had been submitted by Mr G Wright and Ms H Haigh. Mr S Gillon from Wylie & Bisset was also unable to join the meeting due to personal reasons. There were no declarations of interest.

Mr Nelson welcomed everyone to the Committee's first virtual meeting. Mr Nelson explained that whilst the college campus remain closed due to COVID-19, all meetings were to now be held online. Time was taken for introductions to be made.

2. Minutes from Meeting held on 26th November 2019

Resolved:

- **That these be accepted as a correct record.**

3. Matters arising

Financial Statements & Members report:

The Committee noted that the Financial Statements and Members' Report was approved by the Corporation in December 2019 and subsequently forwarded onto the ESFA. The letter of representation was also approved by the Corporation and duly signed by the Chair and the Principal.

Audit committee report:

Members acknowledged that the Audit Committee report was also presented to the Corporation at its December 2019 meeting and again it was forwarded onto the ESFA.

Progress update on Action Plan relating to external fraud (confidential Item)

4. Data Protection and Security Report 2019-20 (Term 1)

Ms Harris explained to the Committee that this report is to be 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.

Ms Harris confirmed that the IT security incidents (attempted attacks and security breaches) had been taken from the Incident Log, which is the operational tool being used to inform this overview report.

Members were advised that a small number of staff had failed the email phishing test (Cyber-testing) which took place on 16/12/2019 by entering personal credentials (12 in total out of 220 users). This has been followed up with individual training plans. Ms Harris explained that it had been intended for further email phishing tests to be carried out by end of March; however it was deemed unsuitable for these tests to go ahead given the current context. The tests will however be rescheduled once staff have settled into remote working conditions. The committee endorsed this decision taken by management but all were mindful as to the increased risk of cyber-crime within the sector during the coronavirus pandemic, which brings an increased risk of fraud at these difficult times.

The Committee agreed that the report provides 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**

5. External Audit Strategy and Planning Memorandum

In the absence of Mr Gillon the Clerk presented W&B's report to the Committee.

The Clerk reminded the committee that 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.

The Clerk 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.

All present welcomed continued audit testing designed to gain assurance over the adoption and implementation of appropriate accounting estimates and operations. The Committee also considered and agreed to the timetable and communication plan proposed to ensure timely audit findings report. It was noted that audit fieldwork was scheduled to take place earlier this year - by end of September 2020. Ms Thomas explained that this had been specifically asked for by the college to enable staff to focus on preparatory work for its submission to the ESFA's Integrated Financial Model of Colleges (IFMC) due 31st January 2021.

The Committee was mindful that the coronavirus pandemic may impact upon the timeliness and/or practicalities of the planned fieldwork. Ms Thomas explained that the college will continue to liaise with the external auditors to make any amendments as deemed necessary during these unprecedented times.

Resolved:

- **That the External Audit Strategy and Planning Memorandum be approved.**

6. Internal Audit Reports : Assurance Reviews

Mr McCulloch explained to Members that Tiaa intended to still deliver the set audit plan to the schedule as agreed despite the possible long term implications of COVID 19. Mr McCulloch confirmed that Tiaa are confident that the necessary audit fieldwork can be undertaken online and via video conferences. The committee welcomed this news.

Mr McCulloch went on to present his reports to the Committee.

Assurance Review of Payroll 2019/20 (February 2020)

This audit considered the arrangements for the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and the payment of salaries. The overall assurance assessment assigned was substantial assurance. No routine action points or operational effectiveness matters were identified.

The Audit findings stated that the College has appropriate arrangements to ensure that the payroll is operated in a robust way. It was acknowledged that the Financial Regulations are up to date and payroll processes were found to be followed. Payments made through the BACS system were deemed to be well controlled. It was also concluded that accurate inputting and continuous checking of all payroll data inputting is completed each month and no anomalies were identified during sample testing carried out.

Follow Up Review 2019/20 (February 2020)

As part of the approved internal audit periodic plan for 2019/20 Tiaa have undertaken a review to follow up progress made by Huddersfield New College to implement previous internal audit recommendations. The audits considered as part of the follow up review were:

Follow Up – 2018/19

Assurance Review of GDPR Compliance

Appraisal Review of Marketing

Assurance Review of Ordering, Receipt and Payments

Appraisal Review of Admissions and Enrolment (no recommendations raised)

Appraisal Review of Student Experience - Pastoral Support (no recommendations raised)

Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing had been completed to assess the level of compliance with this status and the controls in place.

Through the work performed the Auditors were able to confirm that all 13 recommendations had been fully implemented at the time of the review. The committee noted in particular that the recommendations for the Ordering, Receipt and Payments Audit had been confirmed to be implemented with new forms having been created with new supplier checks listed within the form, to ensure compliance. New Supplier forms have also been introduced and now require a review and sign off of supplier details. Appropriate financial control documentation has also been documented that includes policy, procedures, process flows and are all accessible to finance staff. Testing also confirmed that processes are being followed and provide appropriate controls. Mr McCulloch advised the committee that additional testing will also be undertaken during next term to ensure that safe practice continues. The committee welcomed this.

Resolved:

- **That the report be received**
- **To record the committee's thanks to all staff that contributed towards the Audits.**

7. Recommendation tracking

The recommendation tracker is a standing agenda item that intended to members up to date with recommendations previously raised by internal, external and other auditors and to track progress made by the college in implementing the recommendations.

Ms Thomas confirmed that the tracker continue to cite sources of evidence to be used when confirming that the actions have been completed by agreed implementation dates.

Resolved:

- **That the report be received.**

8. Board Assurance Framework: Mid-Year Review.

Ms Thomas informed the committee that all major risks impacting the college remain subject to formal reviews at each of the Risk Management Group Meetings; which are held every half term. Ms Thomas also confirmed that the timeframe for each assurance review, throughout the academic year, continues to be planned with the Clerk in order to schedule risk presentations with relevant corporate and committee agenda items to best maximise on assurance sources at time of consideration.

Ms Thomas presented the current overview of the Board Assurance Framework; the current position of the most significant risks were considered by the committee. It was recognised that the full impact of COVID 19 still needs to be considered for each of the separate risks and residual risk scores with particular consideration given to the possible consequences of remote learning on quality teaching, learning and assessment, student outcomes and whole college experience for students and parents/carers. The committee was mindful that senior leaders are understandably preoccupied with the day to day management of the college during these unprecedented times but members were of the opinion that at some point in the near future there would be an opportunity for senior leaders to revisit each risk to again undertake proactive risk management planning. The committee also agreed that any significant changes to risk scores, as prompted by the reviews in light of current circumstances, may require re-presentation of individual risks for assurance purposes to the responsible committee/corporation, as deemed necessary. The committee welcomed an update at its next meeting.

Ms Thomas also confirmed that as per the BAF operational process, a formal review of the risk register will be again undertaken by the Risk Management Group at its next meeting; outcome of which will be reported back to the committee. Furthermore, all present were mindful that the rescheduled strategic planning day, date to yet be confirmed, may also prompt a further review of the key business risks (strategic, financial and operational) facing the college.

From the discussions had, the Committee was satisfied that the BAF continues to identify the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Members agreed that risks continue to be prioritised using a consistent scoring system and that the Board Assurance Framework continues to provide an adequate and effective framework for risk management.

Resolved:

- **That the Board Assurance Framework be received**
- **For the risks and residual risk scores to be reassessed in light of COVID 19, as necessary.**

9. BAF Assurance Reviews:

- **Poor business continuity planning and critical incident management**
- **Poor IT and data security service**

Ms Thomas advised the committee that the Disaster Recovery and Critical Incident Plan and the IT Disaster Recovery Plan and IT Business Continuity Plan had been submitted to the committee for additional information to inform the two assurance reviews. Ms Thomas and Ms Harris confirmed that all plans had been recently reviewed, updated and approved by the senior leadership team.

All present acknowledged that at the time of the formal reviews, aspects of the plan had been tested by means of talk through exercises and incident scenario setting. However given the current circumstances all plans had since been implemented and tested for real on an unprecedented scale.

Time was therefore taken to reflect on the experiences to date in implementing the college's critical incident policies and procedures. It was noted that the Incident Management Team (IMT) had to date successfully managed the college's response to COVID 19 ensuring that appropriate action was taken and communicated to enable seamless transition for students and staff to learn and work remotely from home whilst the college campus had to be closed. Ms Thomas and Ms Harris confirmed that all actions taken have been documented and recorded and communicated as appropriate. This record will also serve as a means of informing discussions and reflections at a later date when the senior leadership team consider whether any changes to the plans are required going forward. For example members noted that the current plan does not specifically address the college's actions to be taken in response to safeguarding measures and other vulnerable students groups, albeit that appropriate and necessary action had been taken by the Incident Management Team as evidenced by college communications that governors have had sight of.

After a robust discussion members were confident in the mitigating actions being taken by the college. Furthermore, the committee was satisfied with the different assurances identified within the Board Assurance Framework for the two risks. The Committee therefore agreed that an overall green assurance level shall continue to be assigned to both of these risks.

The committee asked to record their thanks to all staff for their hard work and sterling efforts taken in responding promptly to COVID 19 to ensure the physical safety and mental wellbeing of staff and students, to deliver remote functionality of college systems, to protect the security of college data and to secure student outcomes.

Resolved:

- **That each of the risks be awarded green assurance**
- **For the Clerk to update the Master BAF**
- **That the Disaster Recovery Plan and Critical Incident Management Plan be received**
- **That the HNC IT Security Framework be received.**

10. Any other Business.

Confirmation of Payee – a new way to verify account names

Ms Foster informed the committee that notification had been received from Barclays Corporate Banking on an industry initiative that has been designed to target Authorised Push Payment (APP) fraud in the UK, particularly impersonation fraud, invoice redirection and new payment fraud.

The committee welcomed the update – it is hoped that other banks that the college deals with also introduce this new functionality to help prevent fraud.

Resolved:

- **That the report be received.**

11. 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 is maintaining strong financial procedures, to ensure funding is allocated to the most appropriate areas, to maximise the Student learning, Experience and outcomes.**
- **Assurance received that the college continues to have an adequate and effective framework for risk management.**
- **Assurance that the college is committed to creating a cyber-secure culture**
- **The audit opinion provides assurance that the college has an adequate and effective framework for governance, risk management and internal control.**
- **Ensuring that the College is maintaining the quality of learning to maximise the Student Learning, Experience and Outcome.**
- **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'.**
- **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.**

12. Determination of confidentiality

All supporting documents relating to agenda items 3, 8 and 9 were deemed to be confidential given the sensitive nature of information detailed.

13. Date of next meeting: Tuesday 9th June 2020 at 5pm