

Further Education Corporation

Meeting of the Audit and Risk Committee on Monday 21st March 2022

MINUTES

Sections of the Minutes have been deemed as confidential on the grounds of commercial or personal sensitivity and have been recorded as Part B confidential minutes

Timings	18.00 to 19.55
Location	By videoconference
Present (Governors and co-opted members):	Andy Ray (Chair) Roland Anderson Nikki Hill (Staff Governor) Rick Olver Andy Ray Sue Saxton Linda Everard (co-opted member)
In attendance	Denise Brown (by invitation): Principal and CE Anthony McGarel: Deputy Principal & Chief Executive (DPCE) Ansar Mahmood: Head of MIS (item 6 only) Melissa Drayson: Clerk to the Corporation. Paul Goddard: Scrutton Bland, (Internal Audit Service) Alice Walker: Scrutton Bland.
Apologies	There were no apologies for absence
Quorum (4 inc 3 govs)	The meeting was quorate throughout
Item	Action lead
1. Preliminary items	
	Rick Olver (governor) and Alice Walker (Scrutton Bland) were welcomed to their first committee meeting.
1.1 Apologies for absence	No apologies for absence had been received.
1.2 Declarations of interest	Previously declared interests were carried forward. There were no new declarations of interest.
1.3 Committee membership	

The Clerk reported that there was a vacancy for a co-opted Audit Committee member due to the departure of Adesola Orimalade.

1.4 Urgent other business

No items of other business had been raised in advance of the meeting.

2. Minutes

2.1 Minutes of the meeting on 29th November 2021

The Committee considered the minutes of the joint meeting with the Policy and Resources Committee, and the Audit and Risk Committee meeting that followed on the same evening.

RESOLVED:

- (i) that the joint meeting of the Audit and Risk Committee and Policy and Resources Committee on 29 Nov 2021 be APPROVED as an accurate record and signed electronically.**
- (ii) That the Audit and Risk Committee meeting be APPROVED as an accurate record and signed electronically.**

2.2 Matters Arising

Supporting paper by the Clerk

Completed actions were noted.

Governors enquired whether all outstanding Apprenticeships End Point Assessments (EPAs) had now been completed.

ACTION: To check the position with EPAs and report back.

DPCE

3. Risk Management

3.1 Risk register and dartboard

Presented by the Deputy Principal and Chief Executive

The Committee noted that the DPCE and Clerk would be meeting the following week to tighten up feedback on discussion of risk at other committees.

The Committee considered the latest version of the risk register. The following headlines were highlighted and noted:

Risk 5: (student recruitment) A review of the Marketing Strategy was planned as 16-18 recruitment targets had not been met.

Risk 8: A new risk had been added of failure to improved outcomes for learners. The outcomes of the 'Mock Ofsted' external review taking place that week, would be reflected in the next version of the register.

Risk 11: It was reported that recruitment of suitably qualified and experienced staff was an issue across the FE sector and had been

discussed at both Policy and Resources and Curriculum and Quality Committee.

Risk 14 – A new risk relating to fraud had been added as agreed. The Committee considered that the controls and actions sections needed to be developed to reflect the range of measures set out in the Counter Fraud Strategy that was approved the previous summer.

Risk 16 – related to Ofsted would be developed further in the light of the external quality review.

Governors noted that the risk register had come a long way but needed further work to tighten up actions, including target implementation dates. Further work was also needed to develop the assurance framework and processes for evaluating the effectiveness of management controls.

The Committee also requested that consideration should be given to integrating risks relating to the Capital Projects within the risk register. It was reported that Policy and Resources Committee received a report to each meeting. A summary on the risk register to reflect the current position would be helpful.

The question was raised about ownership of the corporate risk register. It was clarified that the ownership of risk resided with the full Board, and the responsibility of the Audit and Risk Committee was to oversee the risk management process, and to provide assurance to the Board that it was robust.

AGREED:

- (i) That further work would be undertaken to tighten up actions, including target deadlines
- (ii) Risk 16 to be developed in the light of the outcomes of the Mock Ofsted.
- (iii) Further consideration to be given to the integration of Capital Projects risk within the Corporate risk register.

SLT

4. Internal Audit

Supporting papers presented by Scrutton Bland

4.1 Internal Audit 2021-22 Progress Report

It was noted that the Curriculum Planning audit was nearing completion. Changes were proposed to the original timings:

- The Information governance review would now commence in mid-April
- The funding audit would be deferred to Autumn to assist with the assurance requirements of the external auditors.

The proposed changes to timings were **AGREED**.

4.2 Internal Audit visit reports

a. High Needs Funding Audit

The outcome of Green/Significant assurance was commended as this was an area that was challenging for colleges to get right.

There was a requirement to differentiate between learners that were known to the College and those referred by the Local Authorities. There was currently over £1m funding to track, and this was an area of growth. The College was advised to ensure that all costs were covered, including any increases in inflation.

The audit had highlighted the importance of robust and efficient record-keeping processes, and had recommended research into the best database for the College's future needs.

It was noted that the Curriculum and Quality Committee had received a detailed report on College SEND delivery, and had flagged the need to develop a robust database.

b. Student attendance, retention and progress

The audit had been undertaken in January, looking at processes in place for recording progress monitoring, and actions taken if rates dropped. The work had included conversations with tutors to gauge consistency of approach.

The outcome was Significant Assurance with two low level risks.

It was clarified that the audit had tested whether systems were appropriate and being applied consistently. It had not tested the impact of those systems. It was known, from other reports to governors, that impact was variable and there were pockets of poor attendance, especially English and Maths and Engineering and Construction. It was confirmed that the sample had been taken from a range of classes with lower attendance rates and reviewed the lowest attending student from that class. It was noted that although systems were being applied consistently, additional processes might be required for the hardest to reach students.

c. IT Infrastructure and Cyber Security

The audit scope had centred on the 10 steps of cyber security. The framework had been found to be robust and well-enforced.

There had been one Medium recommendation relating to the creation of a 3rd party policy. It was noted that access to college systems was becoming more of a cyber security risk.

A low-risk recommendation referred to the need to review the password policy. Members asked whether user awareness had been tested. It was confirmed that the system automatically prompted correct use of password protocols.

It was noted that there was considerable turnover of IT management, and there was currently a shortage of experienced, qualified IT managers. Due dates for actions had been set in nine months to reflect this. Governors urged management to complete actions more quickly if possible.

It was noted that cyber security was a high-level risk for the sector. Several colleges had been hit by costly ransomware attacks in recent

years. Cyber essentials would become a condition of funding from next year.

5. Outstanding Audit Recommendations Tracker

Following on from the decision at the previous meeting, management was encouraged to clear outstanding low risk items, either by writing them off or incorporating them into individual managers' workplans. Governors were, however, reminded that due to the cyclical nature of many college operations, it might take up to 12 months for a systems change to be implemented.

6. Whistleblowing and Fraud Termly Report

Confidential item

It was confirmed that there had been no Whistleblowing disclosures, or cases of suspected fraud since the last meeting.

7. Cyber Security Penetration Test

Supporting paper presented by the DPCE

A secret penetration test had been undertaken, testing both IT security and physical security. All IT security had been found to be strong, but internal security had been weak once the investigator had gained access to the building.

It was considered that this reflected a need to instill a consistent culture of challenge. The staff governor reported that the Safeguarding Team had organised some training and it was considered that this might be available to all staff.

Governors reflected that it was reassuring that management was taking a 'mystery shopping' approach to systems testing

8. Auditor Performance Review 2022

Verbal reports by the DPCE – confidential minute

i. Financial Statements and Regularity Auditors

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9. Future Audit Committee Business

A number of changes were proposed for the next cycle of meetings, including:

- A review of the workplan for the year and produce a parallel committee assurance mechanism to inform the annual assurance opinion on Risk, Internal Control and Corporate Governance.
- Shorter and snappier reports, with clear cross reference with the Risk register
- Triangulation between the work of the committees on risk.

Members suggested a template that showed objectives, where an opinion was required, when this would appear on the schedule of business, and assurance ratings over the year with a final opinion at the year end.

Governors also suggested that a longer lead in time would be helpful to agree the scope of audit work. The Internal auditor suggested that draft scopes could be shared with the Chair at an earlier stage.

AGREED

- i. That a Sub-group of the Chair, Co-opted committee member, the DPCE and Clerk would meet before the June meeting to develop a committee assurance framework**
- ii. That the draft Internal Audit Plan would be brought to the June meeting for discussion**
- iii. That the private session with auditors would be scheduled for November and June in each academic year.**

10. Urgent Other Business

There was no other business

The Committee thanked Andy Ray for his leading the first meeting as Chair

11. Dates of Next meeting

Monday 13 June 2022 - Basildon Town Centre Campus (tbc)

There being no further business, the Meeting finished at 19.55

Signed.....Dated.....