


Audit Committee
Wednesday 15th February 2023 – 4pm to 6pm

Governors	Type	Initials	Attendance	Apologies
Michael Wood-Williams	Chair / Independent	MWW	X	
Aneela Ali	Independent	AA	X*	
Darren Curry	Co-opted	DC	X	
Jennifer Boyle	Co-opted	JB	X	
Clerk				
Nicola Taylor	Director of Governance & Compliance	NT	X	
Attendees				
David Alexander	CEO / Principal	DA	X	
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
Chris Toon	Deputy Principal: Curriculum & Quality	CT	X	
Ivan Jepson	Director of Business Development & Planning	IJ	X	
Sharon Kinleyside	Health & Safety Manager	SK	X^	
David Keetley	Financial Controller	DK	X*	
David Hoose	Mazars – External Audit	DH		X
Stephen Pringle	Wylie and Bisset – Internal Audit	SP	X	
Kevin McDermott	Wylie and Bisset – Internal Audit	KM	X	
Carol Davenport	Independent Governor - Observer	CD	X	

*Attended via Teams / ^Attended for part of the meeting.

A/821 1. Chair's welcome, apologies, conflicts of interest

The Chair welcomed the attendees. The Chair made specific welcome to CD who was attending the meeting as an observer. Introductions took place.

There were no apologies from Committee members however it was noted DH was unable to attend the meeting.

All attendees were invited to declare any relevant interests, other than those previously noted. There were no further declarations made.

The Chair noted that should the direction of debate on any item result in any further potential conflict of interest, this should be indicated in the meeting.

A/822 2. Minutes of the last meeting

A) Audit Committee meeting dated 7 November 2022

The Committee **reviewed** the minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

B) Joint meeting with the Finance & General Purposes Committee dated 30 November 2022

The Committee **reviewed** the minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

The minutes were approved.

A/823 3. Matters Arising / Action Log

JC provided an update in relation to the action log as follows:

- The follow up review of actions by Wylie & Bisset had now taken place.
- Feedback relating to risk following conversations at committees would be captured within the Strategic Risk Register front sheet going forward to provide the Audit Committee with an overall summary of discussions and feedback.
- The Audit Terms of Reference (ToR) were due to be reviewed by the end of the academic year as part of the overall ToR review.

The action log and updates were noted.

A/824 4. Health and Safety Policy

SK presented the Health & Safety (H&S) Policy, noting that a clean and tracked version had been provided for transparency and only minor amends had been made.

The Committee **queried** how compliance of the policy was monitored. It was confirmed that there were robust processes in place to monitor compliance which fed into the annual H&S report and annual quality assurance framework. It was noted that this was monitored via H&S audits and KPIs which linked to the policies and procedures.

The Committee recommended the policy to the Board for approval.

SK left the meeting.

A/825 5. Rolling Audit Recommendations Tracker

JC presented the report and highlighted the following:

- There were 24 actions logged, with 3 yet to be completed which weren't yet due. 21 of the actions had been internally identified as complete.
- Wylie & Bisset had carried out a follow up exercise to check completion and had identified 19 of the actions as complete, with further evidence to follow relating to the 2 remaining actions.
 - It was explained that these 2 actions related to the area of Business Development and that IJ was providing additional information for validation.

- SP noted that this exercise provided assurance that actions were being completed and closed appropriately by the College.

It was confirmed that further actions would be added as and when internal audits were completed.

The Committee **sought reassurance** that the 3 actions yet to be completed were on track to be completed by their relevant due date with no issues. It was confirmed that this was the case.

The Committee **noted the assurance** this had provided.

The report was noted.

A/826 6. Review of Strategic Risk Register

JC presented the report and highlighted the following:

- As part of the review process, the Executive Team undertake horizon scanning and advise of potential upcoming risks / opportunities which haven't materialised into a strategic risk, however are there to keep the Board and Committees informed. One additional horizon scanning item discussed at the Curriculum & Quality Standards Committee was the Level 3 Curriculum reform and this would be included within the list going forward.

Action: JC to add Level 3 Curriculum reforms to the horizon scanning list.

- It was noted that some colleges within the sector had concerns with regard to the potential removal of Level 3 qualifications and their replacement with T-levels. This could create a barrier for students to access careers.
- An additional risk had been added, R14 - *Gateshead Council's options appraisal of Gateshead International Stadium results in recommendations and decisions which negatively impact recruitment of learners and delivery of provision.* [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- The risk R13 - *Inadequate or inappropriate Board oversight resulting in statutory breaches and or failure to adequately hold the Executive Team to account*, had been downgraded from a score of 9 to 6.
- There were no further changes to the register.
- An internal operational Risk Management Group was in the process of being set up to ensure the embedding of risk management across the College. The Group was due to include representation across the College and it was hoped they would hold their first meeting before Easter. This would allow a greater connection between the strategic and operational risk registers, and would help with the identification of any trends or emerging themes.
- An exercise had been undertaken to consider the treat vs tolerate approach to risk. With the existing register, all risks were categorised as treat. This had been reviewed by the Executive Team and a tolerable residual risk score range had been generated for each risk, mapped against the risk scoring matrix. The Executive Team had then reviewed each risk in turn and identified as to whether the risks should be categorised as treat or tolerate. This was caveated with the categorisation of tolerate meaning to continue with the mitigation and controls.
Action: NT to share additional document relating to risk scoring with the Committee.

10 of the 14 risks within the register had been categorised as tolerate, and 4 risks categorised as treat:

- R7 - Failure to meet statutory requirements relating to Safeguarding and Prevent and the protection of young people and vulnerable adults.
- R8 - IT Infrastructure - failure to invest in a way which does not capitalise on new ways of learning/working/collaborating
- R9 - Insufficient resilience to the threat of a cyber-attack leads to one or more of loss of data, fraud, business interruption, legal sanction and reputational damage.
- R14 - Gateshead Council's options appraisal of Gateshead International Stadium results in recommendations and decisions which negatively impact recruitment of learners and delivery of provision.

The Executive Team had highlighted that although these risks were categorised as treat, due to the possibility and impact, the residual scores may never reduce. This was specific to cyber security and safeguarding, due to external factors and continuous evolving circumstances.

The Committee queried the following:

- The creation of the tolerable scores – it was noted that this was created internally based on an intuitive tolerable level which was then discussed by the Executive Team.
- Benchmarking of risk scores across the sector – it was suggested that this information wasn't easily available.
- The tolerable risk scoring showing willing as RAG rated red – it was confirmed that there were no risks categorised as willing whilst the College were in Post Intervention Monitoring Support (PIMS) and were Ofsted graded as Requires Improvement, however reflection would be taken on the colouring.

Action: JC to consider RAG rating of willing scores.

- The value added of the exercise for the Executive Team – it was confirmed that this had been a valuable exercise and allowed greater focus of the Executive Team when reviewing the register.
- The regularity of the Executive review – it was noted that the Executive Team review the register every month and that risk management was embedded throughout the organisation in terms of considering risks and potential risks.

The Committee suggested that the regularity of the review should be made clear within the reports going forward to provide reassurance to the committees on the frequency and coverage of the register on a management level.

Action: JC to include regularity of the management led review of the risk register and supporting processes within the report going forward.

The Committee specifically noted the following:

- The positive shaping of the approach to risk management across the Executive Team.
- The tolerable risk allowed the Committee to focus their attention in terms of oversight and management of the risk, and this strengthened the risk register.
- The progress made in relation to risk management across the past year.

The report was noted and the register was approved.

A/827 7. Risk Management Policy

JC presented the Risk Management policy and highlighted the following:

- The policy underwent a full review in the previous academic year following the internal audit on risk management. This was the annual review and only minor

amends had been made, with a clean and tracked version provided for transparency.

- The policy included the addition of the Risk Management Group.
 - The Committee **specifically noted** the positive implementation of the Risk Management Group, ensuring a continuous line of sight in relation to risk across the organisation.
- Further information relating to the role of the Board and the Audit Committee had been made more explicit in relation to the FE Governance Guide.
- The wording around the delegation to committees had been proposed to be amended to provide greater clarity and consistency.
 - JC highlighted that the wording relating to the delegation to committees had been proposed to be amended to create a clearer definition between the governance and management of risk. The wording had been suggested as oversight rather than management. The management of risk was carried out by the Executive Team, and they wanted to prevent committee deep dives into mitigations and controls as assurance was provided by internal audit and with the mitigations included within the register, and that the Executive Team would be responsible for investigating any areas of concern. It was noted that the Audit Committee were able to review the Internal Audit plan (and would do so as part of their usual cycle of business), in line with the Risk Register to ensure they were comfortable with the areas covered. It was also highlighted that although 13 of the 14 risks had an appropriate audit regime around them to provide assurance, the newly added risk R14 – the Council’s review of the athletic stadium site - did not have an audit regime and therefore the Finance & General Purposes Committee spent time discussing and questioning the positioning and planning around this to gain reassurance from the Executive Team.

The Committee **discussed** this, and **agreed** that the impact of deep dives could be heavy on resources but did note that there was sometimes a need to ensure policies and procedures were in place. The Committee **agreed** that the Board / committees were looking for triangulation and this was generally done by the Board / committees receiving reports and then considering the Risk Register based on what they had heard / seen, therefore allowing them to consider the scoring of the risk with a greater understanding of the position. It was noted that this generally was the case, with the Risk Register covered towards the end of each meeting.

Action: NT to ensure risk register review is included at the end of each agenda to facilitate this approach.

The Committee **discussed** the wording proposed and suggested that it could be that committees are “seeking assurance for completeness and accuracy” of the register, and suggested that further training may be required across committees to ensure a consistency of approach.

Action: JC to reflect on wording of Committee delegation in relation to the suggestion of “seeking assurance for completeness and accuracy”.

The Committee recommended the policy to the Board for approval, subject to the suggestions being considered further.

A/828 8. Internal Audit Reports

A) Cyber Security

SP and KM presented the report, confirming that the internal audit had focussed on cyber security procedures, policies, protection and vulnerability testing. The report was graded as providing a substantial level of assurance (2nd highest

grading), and highlighted 2 recommendations (1 medium and 1 low) and 11 areas of good practice.

The Committee queried the following:

- If policies had been tested to ensure they were operating effectively – it was confirmed that the internal auditors were able to go through the policies and processes with the IT team and see evidence of them in action.

The Committee **challenged** as to whether the report provided specific clarification of testing, and provided specific examples of testing they may have expected in relation to sampling and testing data. The internal auditors confirmed that the audit didn't include this granular level of testing as was a much broader scope around cyber security overall which was appropriate for the review undertaken.

- The processes in place around zero-day threats – it was noted that the recovery time for the College wouldn't be as quick as if systems were within cloud-based solutions, and this was being explored further. The internal auditors provided reassurance that the anti-virus and anti-malware software in place was a very good product within the market.
- Sufficiency of the testing to ensure the upkeep in relation to cyber risks – the internal auditors suggested that there were continuous improvements to be made due to ever evolving environment.
- The College's susceptibility to risk in comparison to other organisations – the internal auditors suggested that the College were able to be part of an online network across the College sector and therefore able to share resources and information, putting the College in a good position compared to some other organisations.
- The residual scoring of the risk relating to cyber security following the high level of assurance provided by the report – it was confirmed that this had been discussed by the Executive Team however due to the potential impact and likelihood of the risk it had been agreed to keep the score as it was however this would be reflected further based on the comments from the Committee.

Action: JC to reflect on the residual scoring of R9 following the assurance provided by the report.

It was confirmed that the Cyber Security Internal Audit report would be shared with the Finance & General Purposes Committee for information.

The report was noted.

B) Curriculum Planning

SP presented the report, confirming that the internal audit had focussed on the suitability of the planning arrangements, reviewing the process of agreeing courses, delivery methods, approval of the planning, timetabling and reviewing the process to assess the quality of the curriculum offer. The report was graded as strong assurance with no recommendations and 25 areas of good practice.

The Committee **noted** the high level of assurance provided.

The report was noted.

It was confirmed that a large amount of evidence was provided as part of both audits and the College wanted to thank the internal auditors for their work and felt that the reports were a fair reflection of the areas covered.

A/829 9. Update on Wider College Audit Reviews

IJ presented an additional document setting out the work carried out by the Data & Funding teams across 21/22 which included a 25% increase in the number of exams, a 13% increase in the number of candidates, the processing of almost 28k enrolments, and that over 130 reports were reviewed on a monthly basis ahead of submission for validation.

Action: NT to share additional document with the Committee.

IJ presented the report and highlighted the following:

- The report set out an overview of all other audit activity, outside of the planned internal and external audit plan, which provided additional assurance. The audits included full funding audits, and audits whereby the funder were being audited which in turn audited the service delivered by the College.
- A previous full funding audit had taken 6 months to complete and covered all funding streams at a granular level, with no errors highlighted. It was noted that there was often a zero tolerance to errors and other colleges had seen funding clawed back over a number of years.
- An ESFA article 127 Adult Education Budget (AEB) audit was ongoing.

The Committee **noted** the additional assurance provided by the report and level of work undertaken.

The report was noted.

A/830 10. Evaluation of External Auditor Performance

JC presented the report and confirmed that the Audit Committee, members of the Executive Team and members of the Finance Team had been asked to complete an evaluation as part of the process, with positive comments received. It was noted that the external audit process had gone very smoothly and this was a testament to the input from Mazars and the College staff. It was agreed to share the evaluation outcomes with Mazars.

Action: JC to share the evaluation outcomes with Mazars

The report was noted.

A/831 Any Other Business

Meeting Evaluation

The Chair asked the attendees to evaluate the meeting, and the following comments were made:

- There had been a good level of challenge, debate and discussion following the reports and updated provided.
- There had been a good level of assurance provided by the internal audits and the report relating to the wider college audits.
- There had been a good range of topics discussed.
- Assurance levels had been linked back to the risk register.
- There had been a good discussion around the approach to risk management at different levels.
- A good amount of time had been spent presenting papers vs Committee discussion and challenge.

Governor attendance

The Chair thanked CD for attending the meeting. CD noted that the meeting had provided additional assurance of the level of work and discussion carried out by the Audit Committee.

A/832 Date of the next meeting

The date of the next meeting was 14 June 2023 at 4pm