

South Staffordshire College



MINUTES OF THE VIRTUAL AUDIT COMMITTEE MEETING HELD ON 31 MARCH 2021 9.30AM to 11.10AM

PRESENT:

Helen Simpson (Chair)	External
Philip Atkins <i>Present following minute 147</i>	External
Colin Howarth <i>Withdrew following minute 173</i>	Co-Opted Non-Governor
Andrew Elsby-Smith	External
David Isted	External

(Attendance 100%)

In attendance:

Clare Parkes <i>Withdrew following minute 176</i>	TIAA (Internal Auditor)
Claire Boliver	Chief Executive & Principal (CEP)
John Snow	Deputy Principal - Finance & Resources
Miranda Hughes	Clerk to the Corporation

APOLOGIES FOR ABSENCE

140 Apologies were received from David Hoose (External Auditor).

PRE-MEETING BETWEEN COMMITTEE AND AUDITORS

141 The Committee and Internal auditor met without management present to allow both the opportunity to raise any issues. No issues were raised with the Committee in private.

DECLARATION OF INTERESTS

142 The Internal Auditor declared an interest in the matter referred to under minute 177-178.

143 The Chair declared an interest in the matter referred to under minute 179-182.

MINUTES

144 **Resolved** that the minutes of the meeting held on 10 February 2021 be approved as a true and accurate record.

Action Grid

145 The Committee reviewed the Action Grid and noted the one item closed and reports on four actions still in progress. Governors noted that deadlines for the two remaining actions were not yet due.

BUSINESS CONTINUITY

COVID-19

146 The Deputy Principal – Finance & Resources updated the Committee with regard to business continuity in light of the January 2021 national lockdown. Whilst no issues were reported, the following information was highlighted:

- In line with government guidance, both staff and students returned to College from 8 March.
- A College-wide lateral flow rapid testing programme, which included on site testing facilities at each campus for the first two weeks from 8 March, had ended; with one positive case reported out of a total of 2,756 tests administered.
- A switch to online learning continued to take place for those affected by the virus with both learner progress and attendance monitored as a result.
- Bubbled timetables would be adjusted following the Easter break to accommodate increased practical time and assessment where necessary.
- Staff had been given the opportunity to work flexibly with up to three days off site until Easter and following this, the College moved to a 60/40% model, whereby staff spend up to 60% of the working week in College and 40% working flexibly from home, on a rota basis.

147 Learner access to technology was discussed where it was confirmed that the College, also supported by an additional DfE allocation of approximately 370 electronic devices, had invested heavily in this area support high-quality learning for all learners during the pandemic. As such, no concerns were reported.

Business Continuity Policy

148 The Business Continuity Policy was presented to the Committee for consideration ahead of the May Board meeting and confirmation was received that both critical incident and recovery plans would be shared at the May Board meeting.

149 The Committee requested information related to how the plans would be both tested and monitored where it was confirmed that such activity would be undertaken by the College on an annual basis, with CPD days used as a means to test plans and train staff, followed by a period of evaluation thereafter so that improvements could be identified and documentation modified as appropriate. As a consequence of the COVID-19 pandemic, substantial levels of testing had taken place over the past 12 months and as such it was reported that the next test date would be scheduled for summer 2022 with findings presented to the Audit Committee for review in the Autumn Term of the 2022-23 academic year. The Committee noted that an assurance review of business continuity and disaster recovery was scheduled to be undertaken in May 2021, with findings presented at its June meeting.

150 When asked for their opinion on the policy, the Internal Auditor advised that they were satisfied that the content was appropriate in terms of setting the scope, aims, responsibilities and monitoring. The auditor went on to state that the associated plans and supporting documentation underpinning the policy would be integral in determining how robust the document would be.

151 Resolved

1. that section 6.10 of the policy be updated to reflect that updated detail related to the Incident Management Team and/or the Business Continuity Working Group.
2. that Corporation schedules of business be updated to include reports detailing the findings and associated actions following annual business continuity testing.
3. that, subject to the above amendment, the Board be **RECOMMENDED** to approve the Business Continuity Policy.

FRAUD, IRREGULARITY, IMPROPRIETY, CYBERSECURITY & WHISTLEBLOWING

Matters for the Attention of the Committee

152 Confirmation was received that there were no matters related to fraud irregularity, impropriety or whistleblowing to be brought to the attention of the Committee. Following this, the

Chair proposed that the item be introduced as a standing item as a means to ensure the Committee fulfilled its responsibilities in line with the Post 16 Audit Code of Practice and its Terms of Reference.

153 **Resolved** that updates on fraud, irregularity, impropriety, cybersecurity and whistleblowing be incorporated into all future meetings via a standardised agenda item.

Cybersecurity

154 The Committee received a report on cybersecurity from the Deputy Principal. It was confirmed that whilst the College had suffered some short downtimes due to cyber security issues, it had not suffered any losses of data or financial losses. Particular attention was drawn to the following:

- The education sector had been subject to a number of attacks following the Christmas break.
- The College had been subject to a one DDoS (Distributed Denial of Service) attack which led to some minor disruption and as such, the College had invested in a second network connection to enable the provision of services to be upheld.
- A significant amount of work had been undertaken to ensure the College was robustly protected against cyber attacks, and as such, the Committee received detail related to:
 - continuous staff training regimes;
 - the manner in which both software and hardware was handled, examined and updated;
 - progress on the consolidation, removal and updates of College systems;
 - the launch of a new College website; and
 - the standardisation of two-factor authentication on Office 365 systems.
- At the time of the meeting, the College was in receipt of the Cyber Essentials standard and worked towards the Cyber Essentials+ standard. Within the next two years, it was reported that the College intended to achieve ISO27001: the international standard that covered the management of information security.
- The College was, at the time of the meeting, investigating specialist cyber security insurance cover and the Committee received assurance that further information would be provided on this matter when possible to do so (*minute 174 also refers*).

155 The Committee discussed the College's internet provider, the contractual arrangements surrounding the service, value for money and the means by which College feedback had been shared. Confirmation was also received that the College had invested in a second network connection which allowed it to switch away from its main internet connection in the event of an attack if necessary.

GDPR

156 A report on GDPR was received ahead of the May Board meeting which provided detail related to GDPR arrangements at the College. The Committee were pleased to receive confirmation that Staffordshire County Council had been engaged to act as the College's Data Protection Officer (DPO) service and that a gap analysis had been undertaken which provided assurance that the College had systems and procedures in place to ensure it was compliant, at the time of the meeting, with the requirements of the GDPR. Areas of further development as a result of the exercise were also shared.

157 The Chair questioned if there had been any matters identified following the gap analysis that were to be subsequently included on the College Risk Register and confirmation was received that, whilst the Risk Register would not be altered in this regard, the planned developments ensured enhanced College-level control of the data it held.

INTERNAL AUDIT

Assurance Review of Health & Safety

158 The Internal Auditor provided confirmation that the review had resulted in an assessment of 'Reasonable Assurance' with one 'routine', one 'operational' and six 'important' recommendations. The leadership team agreed with the recommendations and associated timescales.

159 A review of the document was undertaken, where the co-opted governor asked the auditor how the College compared with others within the sector. Confirmation was received that the College was comparable with other FE institutions and went on to advise that, had the College fully implemented and evidenced its planned enhancements in health and safety, the overall outcome of the review would have been uplifted from that of Reasonable Assurance.

160 KPIs related to health and safety were robustly discussed where confirmation was received that each department had in place service level agreements. As part of this, KPIs had been introduced which ensured that service level agreements were met, monitored by the Quality Team and reported to the Health & Safety Committee. To fulfil statutory obligations, matters related to health and safety were reported to and discussed at Executive Leadership Team meetings and at every Board meeting, via its standing item on health and safety. Confirmation was also received that should additional risk be identified as a result of these processes; the College Risk Register would be updated as appropriate.

161 The auditor, leadership team and Committee members agreed that a significant amount of work on health and safety had been achieved following the last review undertaken in April 2019 and went on to give particular thanks to the Health & Safety Manager for the work carried out following his appointment in March 2020.

Internal Audit Action Grid

162 The Committee received the updated 2020-21 Internal Audit Action Grid, which enabled them to monitor progress with the implementation of audit recommendations. The Clerk reported that, from a total of 96 recommendations, 71 had been completed, leaving 22 actions in progress within the set time period and three actions of which were overdue on original dates. The three overdue recommendations were then reviewed and discussed by the Committee with confirmation that further progress updates would be provided at the June meeting.

163 **Resolved** that only 'in progress' internal audit recommendations to be presented at future Committee meetings, with all 'completed' recommendations archived.

164 Attention was drawn to the remediation plan, which comprised of a total of 15 recommendations, produced following the externally commissioned mock review of learner numbers (*minute 109-113 refers*), of which had been incorporated into the document. The Committee observed that that of these actions, three 'urgent', nine 'important and three 'routine' recommendations had been made, which were subsequently reviewed in detail, predominantly linked to Adult Education Budget (AEB) and Apprenticeships funding.

165 The Deputy Principal – Finance & Resources provided progress updates against the recommendations, which included confirmation that records management for apprenticeships had since been centralised whereby a 100% review of records was being undertaken at the time of the meeting. With regard to AEB, it was reported that the College had adopted a new records management system of which would support progress against the recommendations. The Committee were also reminded that the review had been undertaken remotely and as such, a move from paper-based to electronic records management and retention was also reported to be an area of focus which ensured records could be accessed on a remote basis moving forward.

166 Detail related to funding risk and the potential impact to covenant positioning was requested and rigorously discussed (*see also minute 173*). Confirmation was received that an accurate assessment of potential financial impact would be made following the completion of the records' review. The Committee were informed that, in addition to the review, each record was also subject to a simultaneous update, as appropriate, for completeness purposes. The leadership team advised that work in this area would be completed at pace in order for detail and conclusions regarding the financial ramifications to be confirmed following the Easter break.

167 The leadership team were then asked for detail related to the lessons that had been learnt as a consequence of the review where it was confirmed that, via the centralisation of systems, measures had been put in place which ensured that evidence required for apprenticeship funding was more robust and that the College was clear about any risks to legacy learners.

168 **Resolved** that an update on learner numbers be provided at the June meeting, to enable the Committee to review and monitor progress against set timescales.

RISK MANAGEMENT

Corporate Risk Register & Action Plan

169 The Committee reviewed both the Risk Register and Action Plan; where the 20 key business risks facing the College spread across its five strategic objectives, based on financial impact, reputational impact, and impact on learners were discussed along with associated trend analysis. Attention was drawn to the inclusion of an additional risk which related to forthcoming government procurement rounds for Apprenticeships and 19+ Traineeships, following discussions of the College Risk Management Group.

170 Following the circulation of Committee papers, the Deputy Principal alerted the Committee to further financial risk related to an announcement related to the 2020-21 ESFA AEB tolerance threshold being reduced from 97% to 90%. Despite the decrease, he advised that the threshold was nevertheless reported to be high given the proportion of learning that had been completed in light of government COVID-19 restrictions in the 2020-21 academic year and as such, reported that the gap between the worst-case funding position and the 90% of allocation required stood at approximately £400k. Despite this, the Committee were informed that the College had the resource available to reduce the value at risk by approximately 50%. Further information regarding the financial impact of the announcement would be reported to governors at the Finance Group and May Board meeting (*also referred to under minute 173*).

171 **Resolved** that the Corporate Risk Register be updated prior to the May Board meeting to reflect increased financial risk following the Government announcements related to the Adult Education Budget (AEB) tolerance threshold.

COVID-19 Risk Register and Action plan

172 The Committee received the COVID-19 Risk-Register and Action Plan, where the 10 key risks facing the College were discussed, along with the progress made. Attention was drawn to risk V10, related to the College-wide lateral flow rapid testing programme, which included on site testing facilities at each campus for the first two weeks from 8 March. Confirmation was received that testing had concluded with no issues encountered. As such, the risk would be removed from the Register.

Covenant Compliance

173 At the request of the Committee Chair, the Committee received an update on potential risk related to covenant compliance. Confirmation was received that, at the time of writing the report, College covenants were low as a result of the additional 16-18 funding granted to the College during the year. The Deputy Principal confirmed that a further review would be undertaken following the outcome of both the Apprenticeships records' review exercise (*minute 164-168 refers*) and the ESFA AEB tolerance threshold announcement (*minute 170-171 refers*) which would be reported at the May Board meeting.

INSURANCE REVIEW

174 At the request of the Committee (*minute 86-89 refers*) an update was provided with regard to the retendering of the College insurance provider, also including a progress update on cyber cover. The Deputy Principal reported that despite the fact that the College had come to the end of its long-term agreement with its current provider, it had the ability to extend the existing contract into 2022. The reasoning for an extension to the contract was discussed.

175 A governor enquired into the date by which the contract with the current provider commenced, to which confirmation was received that the College had a three year agreement in place from 2017-18 to 2019-20 with a two year extension which covered both 2020-21 and 2021-22 academic years.

176 **Resolved**

1. that the retendering of the College insurance provider be deferred until 2021-22 academic year.

2. that an update on the retendering of the College insurance provider be given at the September 2021 meeting of the Committee.

RE-APPOINTMENT OF INTERNAL AUDITOR

(The Internal Auditor withdrew from the meeting)

177 The Deputy Principal provided an assessment of the performance of the Internal Auditor with a view to reappointment. It was confirmed that the Committee were satisfied with their performance and, as the contract was not due for renewal, were content for them to be reappointed for a further academic year. Moreover, it was agreed that it would be prudent to not retender for both internal and external audit services within the same academic year.

178 **Resolved** that the Board be **RECOMMENDED** to reappoint TIAA as the Internal Auditor for a further year.

APPOINTMENT OF THE FINANCIAL STATEMENTS AUDITOR 2020-21

(The Chair withdrew from the meeting for this item)

179 The Committee received a report which detailed the proposed updated process by which the College were to appoint the College External Auditor, initially presented to the Audit Committee in November (*minute 93-95 refers*). The Deputy Principal advised that the tender process had been delayed due to the protracted approval process of the 2019-20 accounts, combined with issues raised by the third lockdown. Confirmation was also received that, since the November meeting, the Crescent Purchasing Consortium (CPC), had adopted new regional frameworks for the procurement of external audit services and as such, only the West Midlands participants were detailed within the updated document.

180 A governor queried the number of firms invited to tender for the College's external audit service and confirmation was received that, whilst each firm within the region would be approached, a shortlisting process would follow thereafter before a final selection would be invited to present to the Committee.

181 The proposed selection criteria that was to be used to conduct the shortlisting exercise was discussed, particularly with regard to the category of Experience. The Deputy Principal provided clarification on what would be expected of firms in order for this to be illustrated, which included the ability to demonstrate a proven track record within FE via the submission of CVs of their key staff members.

182 **Resolved** that the Board be **RECOMMENDED** to approve the changes to the appointment process.

MEETING BETWEEN THE COMMITTEE & MANAGEMENT

183 The Committee and management met without the auditor present to allow the opportunity to raise any issues. There were no issues raised with the Committee in private.

ANY OTHER BUSINESS

None.

DATE OF NEXT MEETING

9.30am, Wednesday 16 June 2021.



Chair

9 July 2021

Date