

Minutes of a Meeting of the Audit Committee

Venue: TEAMS

Date: Wednesday 1 December 2021

Time: 4.00pm – 5.15pm

Present: Andrew Watts (Chair)
Sheila Alexander
Mark Overton
Wendy Starks
Jackie Watson
Susan Wear

In Attendance: Lindsey Whiterod (Chief Executive Officer)
Neil Longstaff (Director of Governance)
Jane Cuthbertson (Chief Finance Officer)
Steve Chittenden (Head of Finance)
Craig Scott (Director of IT)
Robert Barnett (RSM)
David Hoose (Mazars)

ITEM NO.	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</p> <p>The Chair welcomed everyone to the meeting.</p> <p>Mazars auditors stated that they had been given full access to all areas requested, there had been full engagement by management and were pleased to announce that there were no issues to report to the Committee.</p> <p>RSM endorsed the views of Mazars confirming that there were no areas of concern to report.</p> <p>LWh, SC, CS and JC joined the meeting.</p>	
2.	<p>Apologies for Absence</p> <p>There were no apologies for absence received.</p>	
3.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
4.	<p>Minutes</p> <p>The minutes of the Audit Committee meeting held on 23 June 2021 were approved and to be signed by the Chair.</p> <p>Matters arising</p>	

	<p><u>4.1 Policies/Plans</u> It was confirmed that the Internal Audit Plan 2021-22 and Strategy 2021-24 and the Data Protection Policy had been presented to the Board and approved.</p>	
5.	<p>Review of Committee’s Performance against Terms of Reference</p> <p>The purpose of the report was to provide an update on the performance of the Audit Committee during 2020-21.</p> <p>Members of the Committee (2020-21) had been asked to complete an online survey to review the Audit Committee’s performance during the previous financial year. The feedback received indicated that there were no areas identified as being ineffective or below satisfactory. The overall score was very good. There was a 100% return rate to the survey.</p> <p>It was the Chair’s view that given the recent government guidance that meetings should continue to be held by TEAMS until Spring 2022. This view was supported by the members of the Committee.</p> <p>Resolved: That the Committee accepted the report, as presented.</p>	
6.	<p>Committee Workplan 2021/22</p> <p>The purpose of the paper was to provide the Committee with a Workplan for 2021/22.</p> <p>NL informed members that the plan had been approved by the Board but there was an opportunity to review and update the future business to be conducted, if required.</p> <p>Resolved: That the Committee accepted the report as presented.</p>	
7.	<p>Internal Audit Reports</p> <p>The reports detailed below were presented to the members of the committee.</p> <p><u>7.1 Internal Audit Progress Report</u> Governors were reminded that the Audit Committee had approved the Internal Audit Plan for 2021/22 at its meeting on 23 June 2021.</p> <p>This report was to provide a summary update on progress against that plan and also for 2020/21. Three reports had been finalised since the last Audit Committee meeting, which were detailed below.</p> <p>RSM indicated that given the progress being made they were confident that they could deliver the plan in full and deliver an annual opinion for the Year end in July 2022. Approval was sought to defer the proposed audit of T Levels as the College was only at the initial preparation phase of T-Levels and a delay would allow time for this to be embedded.</p> <p><u>7.2 Cyber Risk Management</u> RSM’s testing and review of the evidence available confirmed that the College had put in place a number of well-designed controls to manage cyber risks faced by the College’s network and systems, such as a three-legged firewall, antivirus, regular patching and network monitoring through the Security Information and Event Management (SIEM) and internal and external vulnerability testing. Due to the shift in remote working, Multi-Factor Authentication (MFA) had been enabled for all staff</p>	

and students who connected remotely to the network. In addition, technical controls were enforced via College policy to require encryption for removable drives. One medium and four low priority actions had been agreed with management to either close off gaps in control or to enhance the current controls.

Taking account of the issues identified, the Committee was informed that it could take reasonable assurance that the controls upon which the organisation relied to manage the identified risk were suitably designed, consistently applied and effective.

Q. How well placed was the College to respond to concerns raised by the recent cyber attack at the University of Sunderland? CSc emphasised that the College had a Security Incident Response procedure in place, although acknowledged that it had not been reviewed for some time and this had now been updated. He explained that any response would be based on the nature of the attack but in terms of the Medium action, other response plans were in place e.g. data protection etc, that would have been considered alongside the SIRP. It was reported that there was training planned for management staff on cyber security/business continuity.

In response to a query CS confirmed that the College always aimed to be as prepared as possible in case it was targeted.

7.3 Governance

This review focused on the College's governance arrangements with regards to the skills mix and membership of the Board, the content of the Terms of Reference for the Audit Committee and the items presented to, and reporting frequency of the Audit Committee. A benchmarking analysis was also conducted against other peers within the sector, to identify that the governance framework was operating in line with its peers; and draw upon any relevant best practice that might be shared.

The review identified that the College had a robust governance control framework in place and was operating in line with its peers. One low priority management relating to the Governor skills self-assessment and one other management action was also identified during the audit, with regards to confirming the appropriate sign off and approval of the revised Terms of Reference.

Taking account of the issues identified, the Committee was informed that it could take substantial assurance that the controls upon which the organisation relied to manage the identified area were suitably designed, consistently applied and operating effectively.

The Director of Governance was congratulated on the outcome of the review.

7.4 Data Management (Advisory Review)

To support ongoing initiatives, the College sought assistance to assess if their data classification and handling policies and procedures were appropriate for the organisation and data handled.

Following the review there was one high and four medium actions. Overall, a range of key controls designed to govern data management and ensure the confidentiality and integrity of data were in place. However, several areas required enhancement relating to the completion of mitigation plans, phishing exercise results, data labelling technical controls, project documentation and training frequency.

As this was an 'advisory' review, no assurance opinion had been provided. It was noted that all actions had already been implemented.

	<p>CS reported that some elements had already been in place it was simply highlighted by auditors that the frequency of running them had not been recorded.</p> <p><u>7.5 Subcontracting Controls</u></p> <p>The Education and Skills Funding Agency (ESFA) had included clauses within its funding agreements for 2020/21 and the various funding rules for 2020/21 stipulating that providers which subcontract a certain level of provision were required to obtain a report from an external auditor on the arrangements in place to manage and control their subcontractors. The clause required lead providers to supply the ESFA with a certificate confirming that the provider's arrangements were satisfactory.</p> <p>It was noted that providers were in scope if they had entered into subcontracts to deliver provision with an aggregate value of more than £100,000 each academic year (from 1 August to 31 July). This aggregate value included apprenticeship, traineeship and all other adult provision. If the provider was in scope to obtain an external audit report for both of these elements, a single combined report was required.</p> <p>The approach undertaken in relation to this engagement was to provide management with a questionnaire for completion, detailing the processes and procedures in place to ensure compliance with the Funding Rules. Auditors then corroborated the responses provided by management through review of relevant documentation.</p> <p>This was a factual report to determine whether the internal controls agreed in the scope were operating as prescribed.</p> <p>It was reported that there were five actions agreed by management to address the findings from this review and these were shared with the Committee.</p> <p>It was noted that the issues raised would not have caused any clawbacks.</p> <p>Resolved: That the Committee accepted the audit reports, as presented and agree to defer the audit of T-Levels until 2022/23.</p>	
<p>8.</p>	<p>Internal Audit Annual Reports (Year ending 31 July 2021)</p> <p>The above mentioned report covered the following areas:</p> <ul style="list-style-type: none"> • The annual internal audit opinion • The factors and findings which had informed auditor's audit opinion • The basis of auditor's audit opinion • Auditors performance • Appendix A: Annual opinions • Appendix B: summary of internal audit work completed • Appendix C: Opinion classification <p>The auditors concluded that the College had an adequate and effective framework for risk management, governance and internal control. However, auditors work had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remained adequate and effective.</p> <p>Auditors undertook six internal audit reviews in 2020/21, which resulted in an assurance opinion for each. There were four reviews that received a substantial</p>	

	<p>assurance level and two where reasonable assurance was provided. During the year auditors had raised a total of six medium priority management actions and fifteen low actions that were all accepted by management. There were no outstanding management actions raised as part of the Follow-up Review.</p> <p>Two advisory reports were conducted resulting in four medium and one high management actions with eleven uncategorised management actions.</p> <p>Auditors felt that this was a good report within a challenging year.</p> <p>Responding to a query about the level of findings the auditor was of the view that when compared against other colleges, Tyne Coast's numbers were relatively low and it would be placed within the top quartile.</p> <p>The CEO reminder governors that the areas selected were potentially high risk or would assist the College to move things forward. The CEO was pleased to hear the positive endorsement by the Auditors.</p> <p>The Chair, on behalf of the Committee, congratulated staff on achieving a positive audit opinion.</p> <p>Resolved: That the report is received and recommended to the Board for approval.</p> <p><i>Robert Barnett (RSM) left the meeting.</i></p>	
<p>9.</p>	<p>Outcome of HE ILR Reconciliation exercise</p> <p>The purpose of this report was to analyse the reconciliation exercise closure letter and address the issues identified, outline changes to processes to prevent recurrence and show the planning for the implementation of the required process changes.</p> <p>The Office for Students (OfS) Data Reconciliation exercise highlighted two points:</p> <ol style="list-style-type: none"> 1. Some current learners had been counted from the start of the year when they should only be counted from the anniversary of their original start date. 2. A group of learners originally intended to start at the start of the year were delayed to after the census date. <p>It was reported that these issues would be avoided in the future by:</p> <ol style="list-style-type: none"> 1. Procedure document updated with clear guidance on counting procedure, which would be reviewed annually to ensure changes to the external process were complied with following input from a specialist HE consultant 2. Additional rules around having started attending (in conjunction with having enrolled). <p>Q. Impact on reputation with OfS? It was confirmed that the OfS were content with the actions being taken.</p> <p>Resolved: That the Committee accept the OfS letter and the compliance be tracked for future submissions.</p>	

<p>10.</p>	<p>Annual Data Protection Report</p> <p>The purpose of the report was to provide the Committee with the annual report on the College's implementation of the General Data Protection Regulation and provide an update on progress.</p> <p>CS drew governors attention to the following:</p> <ul style="list-style-type: none"> • Significant increase in number of recorded incidents compared to previous reporting period. Partially explained by improved reporting mechanisms and return to pre-covid levels of law enforcement agency requests. • 9 minor data breaches, none of which were deemed serious enough to report to ICO. • Mandatory training undertaken by all staff and non-mandatory training introduced on staff development days. • 2 phishing simulation training exercises undertaken to increase staff awareness and identify those needing additional training. • Technical and organisational measures enhanced with additional controls, though some actions carried over due to staffing availability and impact of Covid-19. <p>Q. Anything governors need to be aware of? It was suggested that training sessions could be offered to governors on relevant topics. NL also highlighted the need for governors to use their College email accounts to minimise the risk of a data breach. The Chair suggested that a recommendation be taken to the Board, in light of this report, stating that in order to avoid jeopardising College data and systems, all governors need to move to using College email addresses for all College business and that a deadline date be set for its implementation.</p> <p>CS confirmed that there were ongoing issues with Meetingsquared as it was not integrating with College systems as it should do. This was being reviewed. NL reminded governors that the IT Helpdesk number was included in the recent email sent in relation to the new security requirements (Microsoft App) for any governor to use for support.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That governors agree to receive and acknowledge the report. ii. That the Board be recommended to adopt a policy whereby all governors are to use their email addresses for all college business by 8 April 2022. iii. That governors be offered 1-2-1 meetings with a member of the IT Team to assist with the set-up of their emails where not already being used. 	<p>AW</p> <p>NL</p>
<p>11.</p>	<p>Audit Recommendation Tracker</p> <p>The Director of Governance presented the tracker for governors' consideration.</p> <p>The document identified any recommendations which were deemed a high or medium risk, which were either overdue for implementation or could be removed if completion had taken place. All personnel who were shown on the list with outstanding issues had been asked to advise if there had been any further progress and the tracker had been updated accordingly.</p> <p>It was reported that all actions had been completed.</p> <p>The Chair commended the work of the Audit Committee and staff for the implementation of all actions to date.</p>	

	<p>Responding to a query, NL confirmed that actions identified from today's audits would be covered in the next report with progress towards implementation shown.</p> <p>Resolved: That the report is received and accepted.</p>	
12.	<p>Regularity Self-Assessment Questionnaire</p> <p>This report was to inform governors of the work and evidence the College had provided the external auditors in order to carry out their work on regularity and Covid.</p> <p>The Covid questionnaire confirmed that the college was ensuring good governance and funding had been correctly claimed and spent. The Regularity Audits checked that the College had used the funds provided by government for the purposes intended in the grant or contract. The audit was carried out as part of the external audit process and the College provided the information to the auditors in the form of the completion of a standard questionnaire. The ESFA had requested that this completed questionnaire was formally signed off by the Chair and Accounting Officer.</p> <p>Resolved: That the committee recommends that the Chair and Chief Executive formally sign the completed questionnaire.</p>	AW/LWh
13.	<p>Audit Committee's Annual Report</p> <p>The Director of Governance outlined the report, which summarised the committee's activities relating to the financial year under review.</p> <p>It was noted that this report needed to be presented to the Board before the signing of the statutory accounts.</p> <p>The Chair thanked the Audit Committee for the work undertaken in 2020/21.</p> <p>Resolved: That the report is approved and is to be signed by the Chair and presented to the Board for information.</p>	NL/AW
14.	<p>Annual Report and Financial Statements for the Year-ended 31 July 2021 including regularity Audit Opinion and Management and representation letter</p> <p>Confidential item</p>	
15.	<p>Annual Report on Risk Management 2020-21</p> <p>Confidential item</p>	
16.	<p>Annual report on disclosures made under Public Interest Disclosure Procedure</p> <p>There were none to report.</p>	
17.	<p>Review Internal and External Auditors Performance / Appointment or dismissal of Auditors and Remuneration 2020-21</p> <p>JC confirmed that audit had went well and that auditors had been very thorough in their approach to the audit.</p>	

	<p>Responding to a question, JC reminded governors of the contractual arrangements with the auditors.</p> <p>Resolved: That the Committee agree to receive the information provided and are comfortable with the auditors progressing into the next year of their contract.</p>	
18.	<p>Any Other Business</p> <p>None.</p>	
19.	<p>Date and Time of Next Meeting</p> <p>Wednesday 9 March 2022 at 4.00pm via TEAMS</p> <p>Governors commented that the clean bill of health given by auditors was a reflection of the good work being carried out by the staff at the College and it was also pleasing to see the risks/actions in reports were being implemented in a timely fashion.</p>	
20.	<p>Identification of Confidential Items</p> <p>Resolved: That Item 14 (Annual Report and Financial Statements) and Item 15 (Annual Risk Management Report) are to remain confidential .</p>	

Signed:

Date.....