Minutes of a Meeting of the Audit Committee

Venue: TEAMS

Date: Wednesday 20 January 2021

Time: 4.00pm – 5.00pm

Present: George Clark (Chair)
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)
Philip Church (RSM)
David Hoose (Mazars)
Jim Dafter (Mazars)

ITEM NO.	ISSUES	ACTION
1.	**Meeting with Auditors in Absence of Management** The Chair welcomed everyone to the meeting. Representatives from Mazars stated that they had no issues to raise with governors with regard to management. DH commented that the audit process had been challenging for Mazars owing to several issues, which were shared with governors. Mazars were to reflect on these matters with a view to improving their performance in the future and gave assurances that these would not reoccur next year. It was noted that Mazars were to reduce their fee for the current year in light of this impacting on the College. Feedback on progress being made was to be given at the next meeting. RSM stated that there were no areas of concern to report. LW, SC, CS and JC joined the meeting.	DH
2.	**Apologies for Absence** The Committee approved apologies for absence received from Mark Overton and Sheila Alexander after having first considered the reasons for their absence.	
3.	**Declarations of Interest** The Chair reminded members to declare any conflicts of interest as they arose on the agenda.	
4.	**Minutes** The minutes of the Audit Committee meeting held on 6 October 2020 were approved and to be signed by the Chair.	

	Matters arising 4.1 Committee Membership The Chair thanked SW for volunteering to serve on the Audit Committee.	
5.	**Committee Workplan 2020/21** The purpose of the paper was to provide the Committee with a Workplan for 2020/21. 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. The Chair reminded governors of the reasons for the delay in holding the first Audit Committee meeting. **Resolved: That the Committee accepted the report as presented.**	
6.	**Review of Committee's Performance against Terms of Reference** The purpose of the report was to provide an update on the performance of the Audit Committee during 2019/20. Members of the Committee (2019/20) had been asked to complete an online survey to review the Audit Committee's performance during the previous financial year. There had been no areas identified as being ineffective overall or below satisfactory. There was a 100% return rate to the survey. It was acknowledged that the membership of the Committee was in need of review at the Board meeting in March 2021. NL confirmed that Governance and Search Committee had commenced recruitment procedures for new governors. **Resolved: That the Committee accepted the report, as presented.**	
7.	**Annual Data Protection Report** 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. CS drew governors attention to the following: • Drop in the number of data disclosure requests from law enforcement and number of right of access requests submitted compared to previous reporting period. • Progress on implementing additional technical and organisational controls over the last 12 months had been hampered by COVID. • Application for Cyber Essentials certification had been submitted. • Staff had undertaken refresher "Information Security" training during lockdown and had been provided with regular updates on best practices for working from home securely. Q. Benefits of Cyber Essentials certification? It was noted that the College was required to have this and the government had stipulated that this must be in place for bidding on any contracts. Q. Re. ex-employee taking data, can this be prevented in future? It was noted that this was an ex-employee of another organisation and the College was not directly responsible. However, all staff at the College continued to receive appropriate	

	training on GDPR and appropriate measures were taken to close accounts etc when someone left the College.

PC reported that there was to be a cyber-security review in the summer and a report would be presented to the Committee in due course.

Resolved: That governors agree to receive and acknowledge the report. | |
| 8. | **Internal Audit Reports**

The reports detailed below were presented to the members of the committee.

7.1 Internal Audit Progress Report

Governors were reminded that the Audit Committee had approved the Internal Audit Plan for 2020/21 at its meeting on 6 October 2020.

This report was to provide a summary update on progress against that plan. One report had been finalised since the last Audit Committee meeting, which was detailed below.

The Chair had some concern that five of the six remaining reports to be undertaken were being left until later in the term and asked if there was sufficient time for them to be completed. Therefore, the Chair sought assurances that they would be done on time and enough time would be given on each to provide the necessary assurances to the Board.

PC acknowledged that this could be an issue in terms of audit delivery with regard to apprenticeships. PC was to liaise with JC about rearranging some of the planned audits.

7.2 Governance Framework: High Level Review of Selected OfS Requirements

RSM's testing and review of the evidence available confirmed that the College was aware of, and was working in accordance with the Office for Students conditions of registration. One medium and three low priority actions had been agreed with management in relation to the publication of the minutes on the College's website; updating the website to document up to date governor details; a review of the Learner Involvement Policy; and ensuring annual fit and proper declarations were completed.

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 risk were suitably designed, consistently applied and operated effectively.

Responding to a question NL explained the reasons for the delay in approved minutes being posted to the website i.e. owing to the cancellation of meetings and a temporary reorganisation of the Committee structure during the summer, and confirmed that all minutes had been updated on the website before the end of the audit.

7.3 Business Continuity Planning – Covid-19

An advisory note regarding RSM's service delivery during Covid restrictions was received and acknowledged. | JC/PC |

9.	**Audit Recommendation Tracker**	
	The Director of Governance presented the tracker for governors' consideration.	
	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.	
	Q. New College website March 2021 happening? LW confirmed that the College had been out to tender and appointed Coffee to undertake this work.	
	Q. Target for completion of the finance training? JC explained that training with managers was undertaken on an ongoing basis and the financial regulations were updated and shared with staff. The work yet to be done was above that required of the audit recommendation and related to video training, which had now been planned.	
	Q. Closure of changes policy? This was to be addressed as part of the new curriculum planning.	
	Resolved: That the report is received and accepted.	
10.	**Internal Audit Annual Reports (Year ending 31 July 2020)**	
	The above mentioned report covered the following areas: • 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 2019/20 • Appendix C: Opinion classification	
	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.	
	Auditors undertook six internal audit reviews in 2019/20, which resulted in an assurance opinion for each. There were three reviews that received a substantial assurance level and three where reasonable assurance was provided. During the year auditors had raised a total of eleven medium priority management actions and eleven low actions that were all accepted by management. A further two medium priority management actions were raised as part of the Follow-up Review.	
	The Chair, on behalf of the Committee, congratulated staff on achieving a positive audit opinion.	
	Resolved: That the report is received and recommended to the Board for approval.	
11.	**Regularity Self-Assessment Questionnaire**	
	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.	

	The Regularity Audit 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. Responding to a question DH reported that he was comfortable with the information received. Q. OfS Capital grant return done? This was to be clarified by JC. Q. Estates strategy published? This was to be clarified by JC. **Resolved: That the committee recommends that the Chair and Chief Executive formally sign the completed questionnaire.**	JC JC
12.	**Audit Committee's Annual Report** The Chair together with the Director of Governance, outlined the report, which summarised the committee's activities relating to the financial year under review. It was noted that this report needed to be presented to the Board before the signing of the statutory accounts. **Resolved: That the report is approved and is to be presented to the Board for information.**	NL/GC
13.	**Annual Report and Financial Statements for the Year-ended 31 July 2020 including regularity Audit Opinion and Management and representation letter** Confidential item	
14.	**Annual Report on Risk Management 2019-20** The purpose of this report was to provide the Committee with an update on Risk Management in order to assist in the review of the College framework of Governance and Internal control. The Chief Finance Officer informed the Committee that the following activity had taken place since the last annual update on risk management: • The corporate risk register had been reviewed regularly by the Senior Executive Group (SEG) and was attached to the report. • Training for new risk managers • Operational risk registers for all areas of Tyne Coast College were being reviewed at performance monitoring meetings. • The college risk appetite was shown with only 8% of residual risks being primary risks. The committee was requested to consider if they were comfortable with this spread of risk. The Chair asked JC to review how the risk management framework was applied as there were examples of where a number of actions were identified to address a residual risk but the outcome was that there was no change to the risk i.e. remained high.	JC

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	Resolved: That the Committee receives and agrees the report.	
15.	**Fraud and Bribery Policy**

The purpose of the report was to review and agree the draft Fraud and Bribery Policy before seeking approval from the Board.

The Fraud and Bribery Policy was last presented in December 2017 and had been reviewed by the Chief Finance Officer.

There had been few changes made as both the Fraud Act and Bribery Act remained unchanged.

Changes had been made regarding removing the title of Deputy Chief Executive and Chief Operating Officer and including the title of Chief Finance Officer. These changes had been highlighted within the policy.

Resolved: That the Audit Committee agree to recommend the Fraud and Bribery Policy to the Board for approval. | NL |
| 16. | **Annual report on disclosures made under Public Interest Disclosure Procedure**

There were none to report.

Auditors left the meeting at 4.50pm. | |
| 17. | **Review Internal and External Auditors Performance / Appointment or dismissal of Auditors and Remuneration 2019-20**

The Chair informed management that Mazars had acknowledged that their performance had been below par but would work with the College to improve moving forward and gave assurances that there would not be a repeat next year.

JC confirmed that it had been a challenging period which had impacted on the 'day job' but recognised that Mazars had been very thorough in their approach to the audit, which was seen as positive and would work with them to ensure improvement in the areas required. LW endorsed these comments. | |
| 18. | **Any Other Business**

None. | |
| 19. | **Date and Time of Next Meeting**

Wednesday 3 March 2021 at 4.00pm via TEAMS | |
| 20. | **Identification of Confidential Items**

Resolved: That Item 13 (Annual Report and Financial Statements) is to remain confidential until approved by the College Board. | |

Signed: ....   Date...