

Minutes of the Virtual Audit Committee Meeting Held at 5pm on 15 February 2022

Present: Shahalam Ali, Bernie Collins, Ashley Cullen, Mark Pembleton (chair)
& Pauline Tiller

Apologies: None

In Attendance: Maria Vetrone CFO
Paola Schweitzer Director of Governance

Minutes

1 – Standing Items

24 Attendance and Participation

Mark welcomed Pauline to her first Audit Committee meeting and Committee members introduced themselves. Pauline stated that she currently worked for BDO, one of the largest accountancy firms and specialised in further education.

25 Declarations of Interest

There were no declarations of interest.

26 Minutes

The minutes of the meeting held on 30 November 2021 were **Agreed** as a correct record.

27 Matters Arising

Minute 006: Internal Audit Report Apprenticeships: There were two ongoing pieces of work. The first was to ensure that the ±400 apprentices who were in learning but out of funding finished their apprenticeships by the end of the academic year (they were out of funding because there was no training during lockdown and they had not been put on breaks in learning). Additional resources were being invested to mitigate the risk that £600k would not be drawn down by the end of July. The second was to review the apprenticeship governance framework. Pauline noted it was all too common for providers not to put apprentices on breaks in learning and asked why the issue had not been identified by KPMG. Maria agreed to review the KPMG report (the audit had taken place prior to her appointment). Mark noted that Corporation had been assured the apprenticeship situation was improving.

Governors **Noted** the other matters arising.

28 Final Internal Audit Plan 2021/22

Maria presented paper 101/22/A setting out the final 2021/22 internal audit plan.

The plan provided for 35 audit days to deliver the following audits:

- HR – staff retention and knowledge management
- IT infrastructure and cyber security
- Funding assurance
- Key financial controls
- Risk management and governance
- Follow up of previous recommendations.

There was an additional 3.5 days for subcontracting controls assurance, as mandated by the ESFA. The plan aligned to the current risk register and whilst it was not as comprehensive as usual (there was too little time to carry out a full year's activity), Maria believed it would be sufficient for an end of year audit opinion. In response to a question, Maria hoped Scrutton Bland would come on site as this was more effective than a remote audit. Governors **Agreed** the 2021/22 Internal Audit Plan.

29 Review of Outstanding Audit Recommendations

Maria presented paper 102/22/A reviewing outstanding audit recommendations.

The report identified progress in implementing internal audit recommendations raised by Southern Internal Audit Partnership in 2020/21. Audits were carried out in: Additional Learning Support, apprenticeships, estates and facilities, finance and subcontracting. 25 recommendations had been made, of which 19 were complete, four were partially complete and two were ongoing. Outstanding recommendations concerned estates and facilities:

- Remedial **emergency lighting** action at the Highbury Campus had been delayed due to supply chain issues. Work was being progressed as quickly as possible, with the estates team sourcing and installing lights.
- A new **online desk system for estates and facilities** would be operational by the end of February 2022.

Pauline asked if any of the areas without emergency lighting posed a danger for students and staff and if so, what mitigating procedures had been put in place. Maria stated that the failures had now been rectified, including within the Tower. Governors **Noted** the Review of Outstanding Audit Recommendations.

30 Risk Register

Maria presented paper 103/22/A setting out the College's current risk register, as updated by the Risk Management Board (which included the senior management team) on 25 January 2022.

The risk register comprised 17 strategic risks, five of which were graded high:

- **Partnerships and contracts:** Sub-contracts had been reviewed, with processes and procedures updated and appropriate oversight arrangements established with all partners/sub-contractors.

- **Health and safety compliance:** A staff disciplinary process was underway and the College was liaising with insurers following a serious incident concerning the use of chemicals by photography students at the Tangier Road campus. An external review of health and safety would shortly be commissioned. In future H&S would report into the Estates Team.
- **IT and cyber security:** A review of IT provision had indicated weaknesses in cyber security and plans were underway to address the issue as a matter of urgency. IT Services was being restructured to ensure it was fit for purpose. Paola drew attention to the importance of governors using their College tablets to ensure the security of College data.
- **Management, maintenance and utilisation of the College estate:** North Harbour and Arundel were in poor condition with urgent maintenance required. A great deal of work was dependent on securing DfE Transformation Funding (outcome anticipated end of March). The Estates and Facilities teams were being reviewed. Mark noted that there would be massive transformation in the Arundel area, with the demolition of shops and planning permission for a student accommodation block.
- **Staff morale:** Action was being undertaken following the staff survey including a Communication Plan/Staff Engagement Plan. Maria believed that staff morale was improving, particularly with the clarity provided through the Board's strategic objectives.

Maria was implementing a new risk management framework comprising a **risk management policy** setting out the College's underlying approach to risk management, roles and responsibilities of governors, managers and other stakeholders and key aspects of the risk management process, a **strategic risk register** aligned with the new strategic objectives, a **scoring methodology** and **reporting regime** with analysis of strategic risks and movement in net risk. A new approach to operational risk management was also being developed, with operational risk registers established for each area of the College. These registers would be reviewed every month by a new Risk Management Action Group, with representatives from across the College.

Bernie asked what level of comfort Maria had in individual risk owners mitigating risks. Maria replied that she currently wasn't confident, hence the new framework. Maria confirmed staff would receive training to ensure they understood the revised risk management process.

Governors **Agreed** to recommend the updated strategic risk register to Corporation and that the revised risk management framework would be circulated to governors prior to Corporation on 15 March 2022.

31 Committee Terms of Reference

Paola presented paper 103/22/A setting out the Committee's Terms of Reference.

The Committee had carried out the annual review of its Terms of Reference (ToR) in the autumn term. Search & Governance Committee subsequently reviewed all Committee ToRs and suggested they should '*adopt a more ambitious, dynamic and proactive role in pressing for best practice and driving Corporation's activity.*' The Committee therefore suggested a number amendments including a reference to driving up standards and the annual joint meeting with Finance & Resources Committee and that one member should have significant audit experience. These amendments had

been incorporated into the ToR. They had also been amended to reflect the proposed change for Audit Committee to monitor health and safety (from Finance & Resources). Pauline noted that the ESFA had recently issued new good practice guidelines to Audit Committees on the scope of their work. She acknowledged the timelines might not have worked but asked if the ToR reflected these changes. Paola stated that the ToR review had taken place at the start of the autumn term, before the ESFA updated publication but she would double check against the guidelines.

Governors **Agreed** the Audit Committee Terms of Reference.

32 Health & Safety Termly Update

Maria presented paper 104/22/A providing the Committee's first health and safety report, noting it was an updated version of the report considered by Finance & Resources Committee on 25 January 2022.

The report covered a variety of areas including the coronavirus pandemic which had had a big impact to how the College operated and necessitated the swift introduction of control measures and safety protocols, work experience and off-site activity requests (which were starting to increase significantly) and training (new health and safety eLearning modules being prepared for staff alongside a new Display Screen Equipment risk assessment). There was a good coverage of first aiders across the College with all Learning Assistants trained in first aid and 34 gaining the emergency first aid at work qualification. Maria drew governors' attention to the accident reporting section, noting that there had been two RIDDOR events. An external review of the College's health and safety area would shortly be undertaken. Bernie stated that there had been issues concerning fire doors at the Tangier Road Campus and asked if these had been resolved. Maria stated that this would be picked up through the health and safety review, more specifically the fire strategy review.

Governors **Noted** the health and safety update.

33 Internal & External Auditing Arrangements from 2022/23

Maria gave a verbal update on the College's arrangements for internal and external auditing from 2022/23, noting that the arrangements for 2021/22 had been agreed for one year. The first job of the newly recruited Head of Procurement and Contracts would be to tender for internal and external auditors for a period of three to five years. The process would be robust, with Audit Committee involvement. Pauline stated it was important that the auditors were not just selected on price and that the Committee had the opportunity to assess how each firm worked and more specifically, how they would interact with College staff. Maria agreed, stating that the Committee would be involved in the recruitment process.

The meeting ended at 6.50pm