

## Minutes of the Audit Committee Meeting Held at 5pm on 20 September 2022

Present: Prue Amner, Shirley Nellthorpe and Pauline Tiller (chair)

Apologies: Ashley Cullen

In Attendance: Paul Goddard  
Lorna Raynes  
Paola Schweitzer  
Alice Walker  
Maria Vetrone

Scrutton Bland  
RSM  
Director of Governance  
Scrutton Bland  
COO

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### Minutes

#### 1 – Standing Items

##### 59 Attendance and Participation

Ashley Cullen sent his apologies.

##### 60 Declarations of Interest

There were no declarations of interest.

##### 61 Minutes

The Minutes and Confidential Minutes of the Meeting held on 14 June 2022 were **Agreed** as a correct record.

##### 62 Matters Arising

Governors **Noted** the completed and ongoing matters arising.

**Minute 41: Audit Committee Training & Development:** Paola had recirculated the information and the plan would be brought back to the Committee's next meeting.

**Minute 49: Health & Safety Policy Update:** The new Health & Safety Manager had just started and would pick up this action. Following a brief discussion, it was agreed that health & safety would continue to report to Audit Committee and that this would be reviewed at the end of the year. Maria confirmed that the offsite activities reported on previously did not include apprenticeships.

**Minute 50: Data Protection Policy:** Paola confirmed that this was a standing agenda item at all scheduled meetings and Maria confirmed that the policy now referenced governors' responsibilities. Maria reported that there had not been any data breaches or Freedom of Information requests since the Committee's last meeting.

## Matters for discussion/Decision

### 63 Internal Audit Report: HR: Staff Retention & Knowledge Management

Alice presented paper 215/22/A setting out the internal audit on Human Resources: Staff Retention & Knowledge Management

The purpose of the audit was to review the mechanisms in place to identify how the College identified and recruited to key posts and what mitigating actions were deployed to reduce the loss of key staff and knowledge. The internal auditors raised four medium and five low risk recommendations and gave an overall assurance level of 'Reasonable'. Maria noted that it was a fair report and that management had accepted all the audit recommendations.

Alice stated that the framework in place was robust and once fully implemented would provide insightful data to assist with managing staff retention and knowledge management. However, at the time of the audit it was not possible to test if it was working in practice. She stated that the HR team were aware of the issues raised, in particular the high turnover of new staff, and had set clear priorities to address the weaknesses.

In response to a question concerning recommendation 4 (*management should continue data cleansing to address inconsistencies, gaps and errors in HR data following the merger*), Alice stated that all start dates had been changed to the merger date for those in post at the merger date. No other systematic problems were detected and the data examined was robust. Shirley noted that several actions were due for completion in September/October and asked if this short timeline was feasible. Maria stated whilst several actions were already underway, it was possible some timelines would slip as there were capacity issues within the HR team. Mitigating actions had been identified for example vacancies assessed as mission critical were allocated additional resources.

Governors **Noted** the Internal Audit Report Human Resources: Staff Retention & Knowledge Management.

### 64 Internal Audit Report: IT Infrastructure/ Cybersecurity

Alice presented paper 216/22/A setting out the Internal Audit Report: IT Infrastructure/Cybersecurity.

The purpose of the audit was to review the controls in place to protect the College's data and to prevent and detect cyber-attacks, including the effective use of software, monitoring and staff awareness. The internal auditors raised one high, six medium and two low risk recommendations and gave an overall assurance level of 'Limited'.

The internal auditors found that there were some ineffective cyber security processes in place and identified a number of areas where improvements to controls should be made, particularly concerning firewall administration, password controls, network access by third parties, cyber security training, and backup procedures. The review also identified a lack of training for IT staff. Maria noted that College management had commissioned a review by JISC earlier in the year and the internal

audit report was a fair report. Management had accepted all the internal audit recommendations..

Maria told the committee that to address the fact that had been no capital IT investment on the Highbury Campus for a decade and that the hardware was at its end of life, a £1.5m capital expenditure plan had been agreed by the Board, the majority of which was focused on IT. A number of actions were therefore significantly in train as further resources had been built into the capital programme. IT now reported to the Vice Principal Information Services and the team was being reorganised to ensure it had the breadth of skills required (Maria noted it was a small team for the size of College, particularly as there were four campuses). Maria was confident the nine recommendations would be completed to time. Paul G noted the common theme of formalising processes and recognised that cybercrime was a high risk area for colleges who were being increasingly targeted. Governors noted that back up recovery systems were in place (both for students' work and EBS) and the password policy was being rolled out to students and staff. Maria agreed to confirm if the use of social media was covered in the IT Acceptable Use policy (Paul G believed it was more likely to be covered in a media policy) and it was agreed that cybersecurity training would be rolled out to governors. In response to a question, Paul G advised that governors maintain oversight of three key areas: hardware, tracking logs and the firewall.

Governors **Noted** the Internal Audit Report: IT Infrastructure/Cybersecurity.

## 65 **Internal Audit Report: Risk Management & Governance**

Alice presented paper 217/22/A setting out the Internal Audit Report: Risk Management & Governance.

The purpose of the audit was to evaluate the level to which the College complied with Principle Ten of the Association of College's Code of Good Governance for English Colleges and to review the Risk Management Framework, and more specifically to determine the level to which risk management was embedded within the organisation. The internal auditors raised two low risk recommendations and gave an overall assurance level of '*Significant*'.

The internal auditors considered the College demonstrated a good level of compliance with Principle Ten of the Code, with clear and robust records to support compliance and that policies and procedures contained sufficient detail to meet the Code's requirements. Two low risk recommendations were made relating to governor induction and succession planning. With regards to Risk Management, there was a policy in place that set out the roles and responsibilities. SMT acted as the Risk Management Action Group and discussed the strategic level Risk Register at each meeting and reported to Corporation and Audit Committee. Work was underway for each department to complete an operational level risk register for 2022/23. The internal auditors considered the strategic level Risk Register reflected good practice.

In response to a question, Alice stated that whilst the framework was strong, it was early in its development and so it was not yet possible to assess how it worked over time. She believed the next step was for Corporation to assess its appetite for risk.

Governors **Noted** the Internal Audit Report: Risk Management & Governance.

## 66 Internal Audit Report: Subcontracting & Audit Certificate

Paul presented paper 228/22/A setting out the Internal Audit Report: Subcontracting & Audit Certificate.

The purpose of the audit was to review the College's subcontracted provision. The internal auditors raised six low risk recommendations and gave an overall assurance level of 'Reasonable'. Management had accepted all the recommendations.

This review was aligned with the ESFA's *Subcontracting Rules for ESFA Post-16 Funding 2021 to 2022* and *Apprenticeships Funding Guidance*. The internal auditors considered that the College's subcontracting framework contained appropriate oversight and monitoring of existing learners. The six recommendations related to the initial stages of the subcontracting process including the Supply Chain Policy, Due Diligence and Contracts and were procedural in nature. Paul noted that this was an unusual audit as it was currently required to be carried out annually, with the report and certificate to be shared with the ESFA by the end of July. Maria confirmed that the audit and certificate had been submitted to the ESFA by the deadline. She noted that the College had one subcontractor: Pompey in the Community which had a relatively low value of just over £100k.

Governors **Noted** the Internal Audit Report: Subcontracting & Audit Certificate and that the certificate had been submitted to the ESFA by the deadline.

## 67 Annual Internal Audit Report 2021/22

Paul presented paper 218/22/A setting out the annual internal audit report 2021/22.

The report presented the Annual Internal Audit Report for the City of Portsmouth College for the period 01 August 2021 to 31 July 2022. The Internal Auditors, Scrutton Bland, carried out work in accordance with the Internal Audit Annual Plan approved by Corporation on Audit Committee's recommendation. The number of planned days was 35 and the number of actual days was 35. Additional days were agreed for subcontracting. Paul noted that it had been a truncated year, but nevertheless sufficient work had been undertaken to provide an opinion.

The Internal Auditors provided the following Internal Audit Opinion: *'In our opinion, for the year ended 31 July 2021 the College has*

- *Adequate and effective risk management processes*
- *Adequate and effective governance processes and*
- *Adequate and effective control processes, with the exception of some areas of IT Infrastructure and Cyber Security.'*

Governors **Noted** the Annual Internal Audit Report 2021/22.

## 68 Outstanding Audit Recommendations (paper 219/22/A)

Maria presented progress by College management in implementing internal audit recommendations raised by Scrutton Bland in 2021/22.

The internal auditors made 39 recommendations (one high, 13 medium and 25 low). Of these 39 recommendations, 14 had been completed, 24 were in progress and one had yet to be started. Appended to the report was a detailed tracker that would be

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updated throughout the year and brought to the Committee as a standing agenda item. Maria noted that, as reported at the previous meeting, all internal audit actions for 2020/21 had been completed except for one relatively minor estates one.

There was a brief discussion about the final column RAG rating and it was agreed that Maria would rework it and bring it back to the next meeting. Pauline asked about progress against the external audit recommendations and the audit undertaken by KPMG, noting that whilst the recommendations referred to the legacy college it was important to review their progress. Maria stated this would be done through the external audit currently underway. Lorna confirmed the recommendations would be incorporated into a single document. Paul was encouraged by the work carried out by management was reassured by the progress made to date.

Governors **Noted** the Outstanding Audit Recommendations.

The Chair thanked Scrutton Bland for their work throughout the year and Paul and Alice left the meeting.

## 69 **Strategic Internal Audit Plan & Annual Audit Plan (paper 220/22/A)**

Maria presented the draft strategic internal audit plan and annual audit plan for 2022/23, reminding governors that following a full tender process RSM had been appointed as the College's internal auditors from 01 August 2022 to 31 July 2026.

Lorna stated that following discussions with Maria and examining the College's risk register, it was proposed that the internal audit plan for 2022/23 covered:

- Safeguarding
- Key Financial Controls
- Learner Number Systems
- Cyber Security Follow Up
- Follow Up

The total cost for the delivery of services was £36,275 plus VAT. The Committee was asked to consider an additional area for audit from a list identified within the plan (the final annual cost would then be updated). Governors discussed the merits of auditing these additional areas and agreed that it should either be curriculum planning or estates and that the final decision would be made by the executive leadership team. Pauline noted that the plan would need to be updated in the light of this decision and asked that Maria advise the Committee prior to Corporation.

Pauline clarified the audit timescales, noting that it would be important not to overload members of the Senior Management Team with multiple audits. Finally, in response to a question Lorna confirmed that Alliotts, the College's external auditors for 2022/23, were happy for RSM to carry out the learner number audit and that this mirrored arrangements in other colleges.

Governors **Agreed**, with the additional audit discussed above, to recommend the Strategic Internal Audit Plan and Annual Audit Plan to Corporation for approval.

## 70 External Report: KPMG

Maria presented paper 221/22/A setting out the report carried out on Highbury College by KPMG on behalf of the ESFA.

The report detailed the findings from the 2020/21 ESFA funding assurance review relating to Highbury College. The review assessed whether the college complied with the funding documentation relevant to the ESFA funds provided to the college and therefore whether those funds had been used for the intended purposes. The review covered ESFA funded provision within carry-in apprenticeships; Adult Education Budget (AEB), Apprenticeships (for starts from 01 May 2017) and 16 to 19 study programmes. KPMG concluded that the college had substantially met contractual requirements. KPMG also confirmed that they had not identified any instances where the college's subcontracting arrangements did not comply with the funding rules and therefore had no issues to report. Regarding ESF match funding, KPMG identified some minor non compliance with requirements. An overclaim of £36,684 and an underclaim of £16,348 of the actual funding error relate to the 2020/21 funding year. The ESFA had corrected the final value of the college's funding claim. Maria stated that she would table a report at the following meeting confirming that the recommendations had been implemented. Pauline noted the recommendations could apply to any college and it was therefore important to ensure they had been implemented. Lorna noted that themes from ESFA audits were often published by both ESFA and RSM and she would check if there was a recent publication.

Governors **Noted** the external report by KPMG.

## 71 Register of Interests 2022/23

Paola presented paper 236/22/A summarising the Register of Interests for 2022/23.

All governors completed a declaration of interests form on appointment and annually thereafter. These declarations formed the Register of Interests which was reviewed by Audit Committee annually and was available for public inspection. For 2022/23 governors had been asked to complete a combined electronic declaration of eligibility and interests form, with data automatically exported into an Excel spreadsheet available to relevant members of staff. The Register had been completed by 14 out of 15 governors for 2022/23. There are no significant issues to report. Members of the Senior Management Team were also asked to complete an online declaration. These were being collated and would be reviewed in due course. In response to a question, Paola confirmed that all members of staff involved in subcontracting completed the form and that she believed HE relationships had been declared.

Governors **Noted** the 2022/23 Register of Interests.

## Meeting without Staff Present

- 71 It was agreed that prior to the next meeting, Paola would liaise with Committee members to seek views on if they should meet with the auditors without senior staff present. Members noted the honesty in the cybersecurity internal audit annual report but believed more careful wording would be required in the financial statements.

The meeting ended at 7.15pm