



**Minutes of the meeting of the Audit
Committee held via Zoom on Wednesday 30
June at 16:30**

Present: Lindy Stacey (Chair), Rob Nicholls, Mark Tibbert and Iain Springate

In attendance: Bill Blythe – Vice Principal Finance and Resources
Sean Mackney – Principal and Chief Executive
Claire Isaac – Head of Finance

Auditors: Louise Tweedles– Internal Auditors – RSM
Richard Bott - Mazars

Governance Advisor: Joanna Boardman

1. Apologies for Absence

None

2. Declaration of Interests

No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda.

3. Confidential Items

No items were considered to be confidential on the agenda

4. Minutes and Matters Arising 20AC18

The minutes of the meeting of the Audit Committee held on 17 March 2021 were confirmed as a true record. There were no matters arising not covered by the agenda.

5. Matters Brought Forward by the Chair

No business was brought forward by the Chair.

6. Internal Audit Reports 2020/21 20AC19

The results were presented to the committee by the Vice Principal Finance and Resources and RSM.

Curriculum Planning

Substantial assurance was given here with no high or medium priority management actions and 2 low priority actions. All actions were agreed.

Risk management

Reasonable assurances were given on risk management. No high priority actions noted, but three medium priority actions were recorded.

It was discussed that the College was in the process of updating its risk management processes and that this was reflected in the audit results as well as being a conscious decision by the College to test its progress. It was further discussed that the volume of risk for review by the governors was too high and should be streamlined. IS offered to share their templates on this which was welcomed by the College. Greater discussion could occur if the Board reviewed the top 5-10 strategic risks.

ESFA Funding Rules Compliance Testing

There were no high priority actions, but the IAS highlighted one medium priority management action.

All issues that had previously been highlighted had been fully resolved. The Vice-Principal stated that it was a good report and noted that this is a complex area with a shifting landscape.

Absence Management

This audit was the replacement for the subcontracting audit. Reasonable assurance was given with no high priority actions noted, although 2 medium priority actions were recorded.

The main actions are around the recording of SDSA days and that are used correctly and the recording and monitoring of academic staff leave.

The reports and recommendations were approved by the Committee

The principal welcomed the report and confirmed that these areas were under discussion already internally. The College has been promoting SDSA activity as strategic as well as self-directed through 'Creating Sparks' events and the PDR & HE processes.

It was asked if the auditors or Committee knew of any best practice in this area. Whilst nothing specific was noted a discussion around staff 'hearts and minds' were had and a conclusion that this was a complex area that no organisation had resolved this as yet.

7. College Audit Monitoring Report

20AC20

The Vice Principal Finance and Resources presented the College Audit Monitoring Report.

As requested by the committee the RAG rating has now been added to the report for ease of viewing and it was reported that more items were now green.

Three more actions have been completed, two on the IT issues that have been outstanding on IT health check and the journey to the cloud.

The committee noted that the report showed good movement, resolves some stubborn IT issues and is still making progress.

A question was raised to ask if Cyber Security has been considered as a risk. The College informed the committee that it was a live agenda item for the Executive with a specific Cyber Security session with JISC this week. Two factor authentications are being actively explored and cyber security essentials.

A recent Phishing test was undertaken in the College as part of the training and awareness programme and new mandatory essential training and a presentation by a third-party provider have been promoted to staff.

The committee asked if the presentation could be shared with them and it was also noted that the whole of Board will be required to complete the mandatory essential training module anyway.

8. Progress Report and 2021/2022 Audit Plan

20AC21

Thanks, were given to everyone involved in the work this year during lockdown which has made completion of audits more difficult at times. All audits for the previous year been delivered successfully.

The audits for the coming year are proposed below and approval is sought from the committee on these.

- GDPR
- Teaching Hours/Utilisation
- Health and Safety

Two Core Assurance reports are also proposed

- Subcontracting Assurance
- Learner Numbers

A question was raised by the committee – what the difference is between an advisory audit and risk-based audit? An advisory audit such the proposed GDPR one reflects that fact that it is still a relatively new thin with GDPR only being in place for around 3 years. The report will be the same though.

The auditors were asked if they undertake any benchmarking of other companies and would that drive the audit topic recommendations. The answer was yes and looking ahead to 2022/23 it will likely be recommending Harassment and Misconduct as that is on the horizon. RSM always scan for emerging issues and share best practice.

RSM are actively looking into more benchmarking opportunities whilst navigating GDPR and confidentiality issues with its clients.

It was noted that in the back pages of the attached report some benchmarking was already shown.

The report was approved

9. KPI's

20AC22

The Principal and CEO presented the key highlights from the KPI Paper. Difficulties in obtaining Comparative data this year were noted due to the pandemic ceasing some activity nationally and that if that were to continue then the College would need to start marking progress against data and modelling assumptions.

Other issues that have impacted progressed are that the COTIE building was launched and then rapidly closed due to Covid and that volunteering and entrepreneurship activities had been hampered for the same reason.

10. Strategic Risk monitoring and Board Assurance

20AC23

It was noted that there are still 42 risks on the current register, but that the next stage of work that The College is undertaking is to split the registers into the Strategic and Operational which will change this.

A fresh perspective on the Curriculum based risks has led to a rise in those, however it is felt that they are now a more accurate reflection of the issues to be resolved. The issues tend to centre on pockets of very good practice set against areas of lower performance.

The other area of lift in risk refers to need for cuts currently rather than income growth, although this is already being looked at by the College.

A question was raised around what methodology the College used to identify the final RAG rating after mitigation and residual risk. It is compared to the risk appetite and depending on where the residual sits against that determines a risks final RAG rating

A note was made that as the report by its nature is a lag report, that the lean and agile post had now been filled and that appropriate training had been undertaken with Malcolm Cooper and Associates.

An error was noted in TL1.1 where Impact and likelihood had been transposed.

The committee commented that the number of risks does need to reduce

11. Business Continuity Report

20AC24

The Vice-Principal Finance and Resources presented the paper noting that not much had changed since the previous presentation to the committee.

Whilst Covid had tested the pandemic elements of the continuity plan there were still many more areas to consider. There are still some areas that the College needs to test and Covid has created a very different landscape in which to operate. With staff split across sites and home working and the increase in digital reliance where physical issues occur and nominated people would normally be available on site, this is not always the case anymore.

The committee commented that in some cases what was business continuity is now business as usual and commended Petroc on making those adjustments.

Moving forward the College needs to test the remaining elements of plan including, fire and the data centre at North Devon (on site redundancies and system back up shortages).

12. External Audit Strategy 2020/2021

20AC25

It was reported that there are no updates to make at this stage as the OFS have not yet issued any.

The likely changes for the future will be around going concern and fraud (Cyber Security). The Audit Code of Practice and reliance of ESFA for funding grants. There has been no discussion or consultation.

One change will be to test the income for 16-19 apprenticeships

The concerns will be around the drive for auditors to test full sample sizes rather than being trusted to extrapolate from previous results and of internal and ESFA audits.

As soon as they auditors become aware of the changes or have more information they will inform the college.

The committee meetings for next year at the College have been amended to reflect a joint meeting of Audit and Finance and General Purposes although there may be a need in the future for the Board Chair to attend Audit committee or devise another solution. There may be a risk of increased costs if processes require more Auditor time and involvement

The committee suggested that this be added as an emerging risk on the risk register.

It was confirmed that the upcoming interim audit would still be going ahead.

13. Review of Accounting Policies

20AC26

The review was presented for committee approval and it was approved with no comments

Date of next meeting 23rd November 2021