Audit Committee Minutes

Meeting held on Thursday 25th November 2021 at 4.15 pm, via Teams

Governors:	Rachel Beeken, Stuart Blackett (Chair), Subhash Chaudhary (Vice Chair) and Mark Wilson
Apologies:	No apologies for absence from committee members
In attendance:	Wayne Brown (Head of Education Services, AuditOne) and Ian Wallace (Managing Director, AuditOne); Suzanne Wilson (Audit Manager, RSM)
Officials:	Phil Cook (Chief Executive and Group Principal), Phil Hastie (Group Executive Director Planning and Infrastructure), Gary Potts (Group Vice Principal Business, Innovation and Partnerships), Fiona Sharp (Group Executive Director Finance), Kay Taylor (Group Director of HR), Sarah Thompson (Clerk) and Sam Young (Governance Support Officer)

As Stuart Blackett's train had been delayed, members agreed that Subhash Chaudhary would chair the meeting pending his arrival. Suzanne Wilson explained that Claire Leece (Audit Partner RSM) had several other college meetings to attend that evening and would join the meeting later if possible.

A21/56 **Agenda Item 1 - Standing Invitation to auditors to speak with committee members**

The Audit Manager RSM confirmed that RSM had no concerns to raise; the information flow during the external audit of the accounts had been smooth. Both the Managing Director and Head of Education Services for AuditOne confirmed that they had no issues to raise; a clarification meeting for the Single Central Record (SCR) audit had been scheduled for the following week.

Phil Cook, Phil Hastie, Gary Potts, Fiona Sharp and Kay Taylor joined the meeting.

A21/57 **Audit Plan Summaries, 2020-21 and 2021-22**

The Group Executive Director Finance confirmed that the draft report for the Network Management: Wireless Network Infrastructure audit, the last to be completed from the 2020-21 audit plan, had recently been received and that plans for the 2021-22 schedule of audits were currently being finalised. The Head of Education Services AuditOne confirmed that he had received Etc.'s preferred dates and would be able to confirm the internal audit timetable with the Group Executive Director Finance the following week.

Members **noted** the audit plan summaries.

A21/58 **Agenda Item 2 – Minutes of previous meeting**

The minutes of the meeting held on 30 September 2021 were **agreed** as an accurate record.

The Clerk confirmed that, as requested by members, a review of internal audits and the committee's oversight of cyber security had now been circulated to all members; members **agreed** that the action could be closed. In response to a member's question, the Group Executive Director Planning and Infrastructure confirmed that the ransomware attack on Redcar and Cleveland Borough Council in 2020 had had no impact on the Group. The Group Executive Director Finance explained that the Key Performance Indicators (KPIs) on closure of audit actions would be included in the Outstanding Audit Actions Status report for the next meeting.

All actions had been completed, were on the agenda for this meeting or were not yet due; progress against actions was **noted**.

A21/59   **Agenda Item 3 - Notification of Items of Other Business**

There were no notifications of items of other business.

Stuart Blackett joined the meeting.

A21/60   **Agenda Item 4 – General Data Protection Regulations (GDPR) – presentation by AuditOne**

The Managing Director AuditOne gave a presentation on the General Data Protection Regulations (GDPR) outlining the key principles and obligations for organisations processing personal data; the presentation was circulated to members following the meeting and covered the following:

- the role of the Information Commissioners Office (ICO) as the regulator of data protection in the UK;
- the seven key principles of data protection in the UK;
- the role of controllers and processors of information and their obligations, including Data Protection Agreements with third parties and suppliers;
- the key risks of a failure to follow GDPR and/or data breaches – large fine from the ICO, reputational damage, staff time;
- compliance through regularly updated Records of Processing Activities (ROPA) and Data Protection Impact Assessments (DPIA) for any new data processing activity;
- education data, including distinct rights to information in the education sector, and the need to have robust processes in place to handle subject access requests within the one-month response requirement;
- UK GDPR best practice, including appointing a Data Protection Officer (DPO) and undertaking data audits;
- information on data breaches and recent ransomware incidents, including targeting of the education sector, and the need to spend time and resource on good practice in order to mitigate risk.

A member asked about the Group's position in terms of GDPR. The Head of Education Services AuditOne explained that AuditOne had not recently undertaken a specific audit of GDPR though data protection processes would have been a focus when the legislation was introduced in 2018; in addition, data protection had not been assessed as a risk area for the Group. The Group Executive Director Planning and Infrastructure confirmed that processes had been audited in

2018 and that the Group employed a Data Protection Officer who was responsible for communicating data protection and processing requirements to staff. The Group had experienced a low number of data breaches in recent years and had immediately informed the ICO on these occasions; the ICO had confirmed that the correct actions had been taken. He added that the Group processed large amounts of personal information to fulfil Education and Skills Funding Agency (ESFA) requirements; data flows had been mapped with staff training packages in place and refresher training for any staff involved in data breaches. A member asked if there was any breakdown of the types of data breaches in the education sector; the Managing Director AuditOne **agreed** to request further information from a colleague and circulate to committee members.

In response to a member's question, the Group Executive Director Planning and Infrastructure confirmed that the Group often received subject access requests and that these could be submitted verbally as well as in writing; on the whole, staff were vigilant and ensured that these verbal requests were subsequently clarified and recorded but the Data Protection Officer followed up any issues. A member asked about cover during holiday periods to ensure that information was supplied within a month; the Group Executive Director Planning and Infrastructure explained that, as the majority of requests were processed by support staff who worked throughout the year, college holiday periods were not a pinch point.

Stuart Blackett took over from Subhash Chaudhary as Chair of the meeting.

Members thanked the Managing Director AuditOne for his clear presentation.

A21/61	**Agenda Item 5 – Outstanding Audit Actions Status Report**

The Group Executive Director Finance had provided members with details of actions arising from previous internal audits and confirmed that the five actions due had been implemented, with one action not yet due; work on this action arising from the Cyber Incident Management audit was in progress and on schedule. She added that actions arising from the external audit of the 2020-21 annual accounts would be reported at the next meeting; Key Performance Indicators (KPIs) on action completion would also be included in the next report. A member commented on the positive status report and the timely implementation of recommendations.

Members **noted** the status report.

A21/62	**Agenda Item 6 – Education and Skills Funding Agency (ESFA) Bursary Audit**

A report on and final feedback from the ESFA funding audit of 16-18 bursary funding and free school meals during the 2019-20 academic year had been circulated in advance of the meeting and the Group Executive Director Planning and Infrastructure highlighted that, having commenced in May 2021, this review had taken some time to reach its conclusion. The audit had identified an issue with the use of direct payments of funds to learners at Redcar and Cleveland College (RCC); this practice had already been discontinued at the end of the 2019-20 year, with new management implementing more robust monitoring processes in line with the Group's Financial Regulations. [REDACTED] the Group would contribute an additional £26k of

funding to support learners in 2021-22 over and above the funding received in year for learner support.

A member asked if there were any risks arising from the clawback and the Group Executive Director Planning and Infrastructure explained that the Group had initially believed that an amount [REDACTED] was at risk of clawback but that the ESFA had established that the use of funds had been appropriate; the changes required as highlighted in the funding audit had already been implemented in advance of the 2020-21 academic year.

Members **noted** the outcomes of the ESFA Bursary Audit.

A21/63   **Agenda Item 7 – Internal Audit Reports**

Progress on the internal audit plan for 2021-22 had been circulated and the Head of Education Services AuditOne confirmed that the Network Management audit had been completed, with the report currently being finalised; no major areas of concern had been raised and the assurance rating was expected to be Good. The final audit report would be circulated for the next meeting. The audit of the Single Central Record had also been completed and a clarification meeting would be held the following week, with a draft report then produced. A member asked if the audit had raised any areas of concerns and the Head of Education Services AuditOne confirmed not and that the meeting was purely for clarification; there would also be a formal exit meeting with the Group Executive Director Finance and the Group Director of HR.

Members **noted** the update on internal audit reports.

Agenda Item 8 – Internal Audit Annual Report and Annual Report of the Audit Committee 2020 - 21

A21/64   **8.1 – Internal Audit Annual Report**

The Head of Education Services AuditOne explained that the Internal Audit Annual Report, circulated with the meeting papers, summarised internal audit work over the year, giving an overall opinion. AuditOne's assurance opinion had been that governance, risk management and control arrangements provided Substantial Assurance that the risks identified had been managed effectively, the highest level of assurance that could be provided. During 2020-21, nine internal audit reports had been issued with seven providing Substantial assurance, one Good assurance and one an advisory review only; six recommendations had been made, with none prioritised as high, and, in addition, nine suggestions had been made to enhance existing systems, processes and controls. All 12 recommendations due over the year had been implemented; six recommendations would be validated as part of the 2021-22 follow up audit, with five already reported as implemented and one open.

The Head of Education Services AuditOne confirmed that during the year AuditOne had commissioned an External Quality Assurance review and that they had received the highest possible rating of Generally Conforms against Internal Auditing Standards. AuditOne had also measured their performance against prescribed KPIs and, with two negatively impacted by COVID-19, these areas would be a focus over the next 12 months. The Group Executive Director Finance added that, due to changes in the audit software used by AuditOne, the client

satisfaction questionnaire no longer contained an overall satisfaction score but the Head of Education Services AuditOne had shared the completed questionnaires with her and all had been positive.

The Managing Director AuditOne emphasised how exceptional these results had been for the Group, demonstrating the Group's culture. The Chair thanked him for emphasising this and noted such performance should not be taken for granted; a member added that closing down actions in a timely manner was not always easy. Members **agreed** that AuditOne's comments should be highlighted in the Audit Committee Annual Report; the Clerk **agreed** to add a section to the report which would be circulated to members. The Chair added that he would also highlight AuditOne's feedback to the FE Corporation at their next meeting. The Group Executive Director Finance confirmed that, though not a requirement, the Internal Audit Annual Report would be shared with the ESFA and Tees Valley Combined Authority (TVCA).

Members:
i)   **received** the Annual Internal Audit Report;
ii) **agreed** that this would form an appendix to the Annual Report of the Audit Committee.

A21/65   **8.2 – Annual Report of the Audit Committee**

The Clerk introduced the Annual Report of the Audit Committee, a requirement of the Post 16 Audit Code of Practice, and highlighted that this would sit alongside the annual accounts. Members commented on the very comprehensive report and noted the work of Richard Poundford, as Chair of the Audit Committee, and Norma Wilburn, a valued member of the committee, during the previous year. Members **agreed** that the Chair should write to thank them for their contribution to the committee's work, including the 100% attendance by members over the year.

A member asked whether the committee considered health and safety and the Clerk confirmed that, whilst the Audit Committee could consider health and safety through the strategic risk register, it was generally reported directly to the FE Corporation. The Group Executive Director Planning and Infrastructure added that the Group had very few accidents and performed well against the KPIs set; the Health and Safety Annual Report would be considered at the next FE Corporation meeting.

Members:
i)   **agreed** the Annual Report of the Audit Committee 2020-21, with the added statement agreed under agenda item 8.1;
ii)   **authorised** the Committee Chair to sign and date the report;
iii) **agreed** that the report should be presented to the FE Corporation at its meeting on 9 December 2021.

A21/66   **Agenda Item 9 – Risk Management – Etc. Strategic Risk Register 2020-21**

The Group Executive Director Finance confirmed that the Strategic Risk Register had been reviewed by the Risk Management Group (RMG) during November. Two new risks had been added; one relating to the Strategic Development Fund project and the second, raised by a

committee member at the last meeting, to the risks relating to missed learning and two years of Centre Assessed Grades on learners' confidence and achievement. Controls and mitigation in place had reduced both to a low net risk score.

A member commented on Capital Group discussions around prioritising the quality of NETA facilities in the Estates Strategy [REDACTED] There were no risks proposed for retirement and the report also outlined those risks discussed at the last RMG meeting but not considered necessary to add to the strategic risk register at this time.

A member asked how often the register was considered by the Senior Management Team (SMT) and the Group Executive Director Finance explained that, although the full risk register was not considered at every meeting, she would note any discussions around risks and update the risk register as appropriate. The full strategic risk register was considered once a term at a RMG meeting. The Group Executive Director Planning and Infrastructure added that risks were regularly considered at departmental level through their own departmental risk registers. The member commented that this reassured him that the risk register was not a static document.

Members **noted** the progress of risk monitoring for 2021-22 for the Education Training Collective.

A21/67   **Agenda Item 10 – Fraud and Regularity Update**

The Group Executive Director Finance confirmed that there had been no fraud and regularity issues and members **noted** the verbal update.

A21/68   **Agenda Item 11 – Any other business**

There were no items of additional business.

A21/69   **Agenda Item 12 – Approval of Documents for Public Inspection**

It was **agreed** that the agenda and approved minutes would be made available for public inspection. With the exception of the presentation for agenda item 4 and the papers for agenda item 8, following approval by the FE Corporation, supporting documents were all deemed confidential for reasons of commerciality.

A21/70   **Agenda Item 13 – Date and times of next meeting**

Thursday 24 March 2022, 5.30 pm, SRC 301
The date of this meeting was subsequently brought forward to Thursday 3rd March and the change communicated to all committee members and officials.

A21/71   **Agenda Item 14 – Key Themes**

The following key themes were identified:
- Presentation from AuditOne on General Data Protection Regulations (GDPR) and update on Etc. practice in relation to GDPR and Subject Access Requests;
- Final report from Education and Skills Funding Agency Funding Assurance Review of 16-19 bursary funding 2019-20 academic year presented;

- The excellent work of the Etc. team reflected in the exceptional results of the Internal Audit Annual Report for 2020-21;
- Annual Report of the Audit Committee 2020-21 authorised for signature and presentation to the FE Corporation and the contributions of Richard Poundford and Norma Wilburn to the committee's work and 100% attendance record formally recorded;
- Etc. Strategic Risk Register reviewed and, at the committee's suggestion, an additional risk to be added relating to the possible impact of the quality of NETA's facilities on provision and staff and student recruitment;
- Confirmed no fraud or regularity concerns.

The meeting ended at 5.10 pm.

Approved at a meeting held on 3rd March 2022