

SANDWELL COLLEGE

Minutes of the Audit Committee meeting held on
Tuesday 16 March 2021, 8.00am

Present: N Grace Independent Governor (Chair)
G Bassi Independent Governor
J Tew Independent Governor

In attendance: J Bailey Exec Director, Finance and Resources
J Flowers PWC
G Pennington Principal
E Scotford Clerk to the Corporation
L Tweedie RSM
R Vitish PWC

Apologies: J Francis Independent Governor

		Action
U21.12	<u>Apologies</u>	
	All present were welcomed to the meeting and introductions were made. Apologies were received from Jayne Francis, Independent Governor and were approved by Governors.	
	RESOLVED THAT: Apologies were accepted.	
U21.13	<u>Declarations of Interest</u>	
	There were no declarations of interest.	
U21.14	<u>ESFA Funding Audit</u> Presented by PWC	
21.14.1	The audit had focused on AEB, new apprenticeships, 16-19 and ESF match funding, a total of £30.5 million in funding. 30 learners from each category were sampled and exceptions raised with management.	
21.14.2	The minor errors identified through the audit were detailed at Appendix B.	
	GB arrived	
21.14.3	The error on withdrawal data of a 16-19 learner was explained. This had no impact on funding and was the only error from the main sample.	
21.14.4	PDSAT reports were explained. 5 reports had errors, 4 were data errors with no impact on funding. One impacted on funding where learners had studied for one year and came back and withdrew in the first 6 weeks of the second year. 3 learners had funding errors which resulted in a reduction of £10k. In context the context of £26 million total funding, this was very good and compared well to other colleges.	
21.14.5	PWC pointed out that the audit had gone very smoothly throughout. Thanks were expressed to the team, in particular Roxana Pal, Director – Information Services, was congratulated on ensuring data was correct.	

21.14.6	It was clarified that the report followed a standard format and the ESFA would recognise that the errors highlighted were minor and standard wording common to all colleges so the non-compliance status of some items would not be considered of concern.	
21.14.17	In response to a Governor's query, it was confirmed that, as the College had been randomly selected for this audit for 2 consecutive years, the ESFA had confirmed that the College would not be selected next year.	
21.14.18	Governors were pleased to note that the report reflected even greater progress on last year's positive report and asked that their thanks be passed on to the Finance team for their hard work.	
21.14.19	RESOLVED THAT: Governors received and noted the ESFA Funding Audit report.	
	JF and RV left the meeting	
U21.15	<u>Minutes of previous meeting held on 14 January 2021</u>	
	RESOLVED THAT: Governors approved the minutes of the previous meeting held on 14 January 2021 for signing by the Chair.	
U21.16	<u>Matters Arising</u>	
21.16.1	Minute No. U21.4.1 – update on outstanding actions from internal audit to be brought to the March meeting – actioned.	
21.16.2	Minute No. U21.4.4 – review of the performance of the FSA to be conducted at the March meeting – superseded by the resignation of the FSA.	
21.16.3	Minute No. U21.5.2.22 – explanation to be captured in the accounts of the adequate resources in place for such time that pension contributions increased – actioned.	
U21.17	<u>Internal Audit reports 2020/21</u>	
21.17.1	Quality Assurance Systems – 1.20/21	
17.1.1	The audit scope had covered the teaching and learning programme including observations and how any concerns would be addressed; quality assurance processes; and reporting of the Quality Improvement Plan (QIP).	
17.1.2	The audit received a Green Substantial level of assurance, with one low priority action regarding monitoring and reporting of the QIP to SLT. The Vice Principal, Quality, pointed out that topics on the QIP were discussed but the formal document had not previously been included in meeting packs or on agendas. The QIP is now presented regularly to each meeting. This provided confidence in the systems.	
17.2	Framework for Compliance with Legal and Regulatory Requirements – Fraud, Whistleblowing, Bribery, Corruption – 2.20/21	
17.2.1	The Counter Fraud Strategy had been approved at the last meeting. Only 2 Medium priority actions had been raised which reflected a very positive	

	report. One Medium priority was the need for a Fraud Policy to be introduced, separate to the Financial Regulations.	
17.2.2	A Medium priority action related to regular anti-fraud training for staff to raise awareness, particularly of cyber fraud as well as mandate fraud. A clear policy and procedure were now in place including a reporting framework.	
17.2.3	Governors asked how the College could ensure the Fraud Risk Register was current. The IAS advised that it could be cross referenced to other policies and procedures to ensure fraud could not be facilitated. The IAS recommended that the College monitor new emerging types of fraud, particularly cyber fraud, in light of the recent severe attack experienced by a local college.	
17.2.4	The Vice Principal, Quality, explained the methods fraudsters used to try to infiltrate systems through: impersonation, phishing or hacking. The College has a multi-layered security approach to combat hacking. Jisc has given advice on how to further secure the College systems which has been actioned. A mock phishing attack has been conducted with users and training is being rolled out. The College's email and security systems block emails where necessary. The College was confident in its IT security infrastructure.	
17.2.5	Governors asked how staff were kept up to date on cyber fraud as it was fast moving. The College advised that it was using an external company to run testing and provide training based on wi-fi. They have provided a 15-20 minute online training activity. This can be cross referenced to those who have clicked on elements in mock phishing emails. Another mock attack is planned after Easter in line with a rolling programme of testing and training.	
17.2.6	Governors asked if any specific insurance was in place to protect the College against this particular threat. The Exec Director, Finance & Resources, confirmed that insurance was being reviewed by SLT and the IT Manager in light of the local college attack. The IT Manager had advised that the initial couple of proposals reviewed did not offer any additional protection to existing cover. SLT were to discuss and assess what was exactly was required from enhanced cover, i.e. IT assistance or recompense.	
17.2.7	RESOLVED THAT: Governors received the Quality Assurance Systems report – 1.20/21.	
21.17.3	Progress Report	
17.3.1	The report was a reminder of the status of the current audit plan and dates booked for delivery across the remainder of the academic year. Progress was on track with expectations.	
17.3.2	RESOLVED THAT: Governors received the Progress Report.	
21.17.4	FE Benchmarking Report	

17.4.1	This was an annual report which compared reports from all clients to identify any trends in assurance and management actions and was intended to be informative.	
17.4.2	There were no areas of concern to highlight. Overall, the College falls in the 82%, the second level of annual opinion.	
17.4.3	Governors found it useful to have peer group comparison.	
17.4.4	RESOLVED THAT: Governors received the FE Benchmarking report	
U21.18	<u>GDPR update</u> Presented by the VP, Quality	
21.18.1	GDPR management is an ongoing process. There were no major concerns at present, focus was more on general improvement of processes and practice. Progress made was outlined. The College was taking a workshop approach and had engaged the services of an external expert. The focus is on policy, procedures and practice which were being worked on by various teams. All IT policies have been reviewed and approved by the Board. Key users are being targeted first.	
21.18.2	Governors asked if a follow up internal audit on GDPR was scheduled. The IAS advised that a follow-up audit visit was scheduled for May 2021 which would include revisiting the GDPR audit findings. The IAS would report the outcome of this follow-up review in the progress report. The College advised that work had been interrupted because of Covid and it had been agreed with the management team that work should be paused during this time.	
	JT left the meeting	
21.18.3	Governors noted that following Brexit, the Government had been expected to assimilate GDPR into UK law but had not yet done so and asked if GDPR applied legally now in the UK. The IAS confirmed that the Data Protection Act 2018 included GDPR.	
	JT returned to the meeting	
21.18.4	Governors pointed out they had expressed their concerns regarding GDPR in the past and were pleased to note the progress made, particularly the appointment of an external expert.	
21.18.5	RESOLVED THAT: Governors received the GDPR update.	
U21.19	<u>Risk Register</u> Presented by the VP, Resources	
21.19.1	There were no changes to the version of the Risk Register presented to the Board on 8 March 2021 following a recent thorough review as detailed in the summary.	
21.19.2	RESOLVED THAT: Governors received and monitored the Risk Register.	
U21.20	<u>Risk Appetite and Guidance</u> Presented by the VP, Resources	

21.20.1	Governors noted the Risk Appetite guidance which defined risk appetite and noted that the IAS Progress Report also mentioned the importance of defining risk appetite.	
21.20.2	Risk appetite should sit alongside the Strategic Plan and would be considered at the Annual Governors Strategy Session and a Risk Appetite Statement prepared thereafter.	
21.20.3	The IAS pointed out that the Ney Review had reviewed college sustainability, and recommended the role of audit committees be strengthened regarding risk appetite, particularly advising the Board on how to develop its risk appetite. The context of the recommendation was to give a Board framework to challenge colleges' strategic decisions. This is likely to be included in this year's version of the Audit Code of Practice due out in March.	
21.20.4	The College believed risk appetite should be a standard consideration in any college activity. Risk is incorporated into the College's Strategy, a comprehensive document that outlines the reasons for taking a particular strategic direction.	
21.20.5	It was noted that the College's Board was robust and questioned and challenged all decision making and was well versed in assessing risk. All the frameworks and audit reports evidenced the College was well run. The main risk was the Government's constant changes of policy and decisions which impacted on college funding and therefore some colleges sustainability. The College was the fastest growing college with Outstanding financial health but recognised the need to carefully contemplate its decisions and considered risk as a matter of course.	
21.20.6	Governors welcomed risk appetite being discussed at the Board Annual Strategy Forum. The Ney Report directed this responsibility at audit committees but the whole Board should be aware.	
21.20.7	Governors asked how the Audit Committee should direct the Board as they recognised that analysis of risk was subjective. Discussion took place and Governors noted their role was to review risk management and the risk involved with certain strategies and initiatives, which included risk appetite.	
21.20.8	The Principal outlined the planned approach to the Annual Strategy Forum to enable the Board to consider various aspects of the Strategic Plan, including a focus on risk and a review of the College's vision and mission.	
21.20.9	A change of wording was suggested for the executive summary on Board reports to include risk as well as implications.	
21.20.10	RESOLVED THAT: Governors discussed risk appetite and guidance provided which would be discussed further at the Governors Annual Strategy Forum.	
U21.21	<u>Health & Safety update</u> Presented by the Executive Director, Finance & Resources	
	RESOLVED THAT: Governors received the Health & Safety update.	
U21.22	<u>Policies</u>	

21.22.1	Anti-Bribery	
22.1	The policy had been introduced on the recommendation of RSM.	
22.2	RESOLVED THAT: Governors approved the Anti-Bribery policy, subject to how to raise a concern being made more explicit.	
	LT and PG left the meeting	
U21.23	<u>Appointment of External Audit Service</u> Presented by the Clerk to the Corporation	
21.23.1	Following the resignation of Grant Thornton, a new external audit service needed to be appointed. Grant Thornton, the College's Financial Statements Auditors, had notified college management that they were unable to continue as the College's auditors for the 2020/21 financial statements. The resignation was due to staff turnover within the Birmingham Grant Thornton audit team – the College's Audit Senior was leaving the firm and would not be replaced.	
21.23.2	The proposed process, timeline and suggested firms were discussed. Firms would be asked to confirm they had a Midlands based office which Governors considered was important.	
21.23.3	RESOLVED THAT: <ul style="list-style-type: none"> • Invitations to tender would be sent to: Mazars, Buzzacott, MacIntyre Hudson, Wylie and Bisset, PKF Cooper Parry and BDO. • Governors delegated authority to the Principal, Executive Director, Finance & Resources, and the Clerk to the Corporation to shortlist to a maximum of 3 firms for interview w/c 26 April 2021. • Interviews would be held w/c 3 May 2021. • Firms would be asked to confirm they had a Midlands based office. • A short single-item Special Board meeting would be held to precede the Annual Strategy Forum on Friday 14 May to approve the appointment of the Financial Statements Auditors. 	
U21.24	<u>Any Other Business</u>	
	There was no other business.	
U21.25	<u>Determination of Confidential Items</u>	
	There were no confidential items.	
U21.26	<u>Date and time of next meeting</u> Wednesday 5 May 2021, 12 noon – 4.00pm – FSA interviews Tuesday 15 June 2021, 8.00am	

The meeting ended at 9.40am