

AUDIT COMMITTEE MEETING MINUTES

Date: Thursday 23 September 2021

Venue: Board room and Online

Time: 5.30pm

Chair	Neil Yeomans
Corporation Members	Cynthia Griffin
Co-opted Member	Nazia Faiz
Auditors	Paul Goddard Leisyen Keane - Internal Auditors (Scrutton Bland)
Officers	Gerry McDonald: Group Principal & CEO Suri Araniyasundaran: Deputy CEO
Apologies	Thana Nathan
Minutes	Elsa Wright – Director of Governance

Item No	Item of business
1.	Welcome and Introductions The Chair welcomed everyone to the meeting.
2.	Apologies for Absence No apologies had been received
3.	Declaration of Interests None received.
4.	Minutes of the Last Meeting Held on 15 June 2021 The minutes of the meetings were agreed as drafted.
5.	Matters Arising and Action Points from the Meeting There would be a report on vulnerabilities in December. The Deputy CEO confirmed that there was insurance in place through AXA for up to £2m for most acts of fraud and that effective control systems in place. The remaining action points would be addressed in the meeting or had been completed.
ITEMS FOR DISCUSSION, DECISION OR ACTION	
6.	<p>Internal Audit Assignment Reports The internal auditor confirmed that there were two reports to review which had both received significant assurance.</p> <p>6.1 Safeguarding The data and information held by the college was accurate and of good quality, and it provided a good, clear oversight of the provision. There were frequent meetings with clear reporting and information was reported, logged and tracked effectively. There were two recommendations in relation to ensuring the most recent policy on safeguarding was on the website and the second was to ensure that all staff were identified to ensure training was completed in the two year window. Staff had been very responsive throughout the audit and the new software that was being introduced would help ensure information was shared in a timely and secure way.</p> <p>6.2 Subcontracting This was an annual audit which was required to give assurance to the ESFA about the subcontracting provision. The report gave significant assurance. There was a strong framework in place with one low level recommendation in relation to internal controls. This was a good audit outcome and governors noted the report.</p>

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	<p>These were both complex areas and the outcomes were very positive. Governor thanked the CEO, Deputy CEO and the team for a very good set of reports in a difficult year.</p>
<p>7.</p>	<p>Annual Internal Audit Report</p> <p>This was the Internal Auditors' annual report which covered the audits that had been undertaken through the year and gave an overall conclusion on their work. The report gave governors assurance that the risks were being identified and mitigated. Page 27 of the pack set out the conclusion that the College had:</p> <ul style="list-style-type: none"> • Adequate and effective risk management processes • Adequate and effective governance processes • Adequate and effective control processes, and • Adequate and effective processes surrounding efficiency and effectiveness. <p>Three strong assurance opinions were given, five significant and two reasonable assurances for estates and GDPR. Good progress had been made on the recommendations and the assignments had been straightforward with thanks to all the staff involved.</p> <p>The College was performing well with the whole sector in good shape with the majority of reports given a strong or significant assurance. The College had performed well under the leadership of the CEO and Deputy CEO during a complex year.</p> <p>The Committee noted the report.</p>
<p>8.</p>	<p>Plans for 21/22 and 3 year Plan</p> <p>The plans for the year had been discussed at the July committee and had now been finalised with the dates set out in the report.</p> <p>There were three areas where alternative sources of assurance were required: curriculum quality, business development and human resources.</p> <p>Curriculum quality had been reviewed by sector specialists just over two years ago when non NCC staff had been brought in to undertake independent lesson observations and this was reported to the Curriculum, Quality and Students Committee. Business development reviews would take place as part of the curriculum planning and reported back to the committee. Human resources would be reviewed with the IA meeting the Group Executive Director for HR to look at how assurance was gained and where further value added could be provided. There had not been a large staff survey for a few years due to merger and Covid which might be an area for review. The Chair was keen to look more at processes such as ensuring checks before employment. The Deputy CEO confirmed that the safeguarding audit would pick that up and agreed that there should be more discussion about what the HR risks were and how audit could help. For example, had there been any employment tribunal cases which had been lost due to process error or a training need.</p> <p>The committee agreed that scrutiny might take place elsewhere such as the CQS committee, but that reports should be available for the committee with a short summary reported back for completeness. The idea was to build an assurance map across the work of other committees but not to duplicate the work. Future planning should look at how any gaps are bridged, and this should be planned and reported back as part of the normal cycle rather than once a year.</p>
<p>9.</p>	<p>Risk Register</p> <p>The CEO explained that the Senior Management Team had reviewed the approach and looked again at what the key concerns were across the college. SMT had discussed what kept them awake at night and then the themes and areas had been pulled together into this document. There were material risks in some areas that were hard to predict and quantify such as the reputational risk from an incident at one of the campuses.</p> <p>Capacity was an issue with a stretched management team and over 100 vacancies that were hard to fill.</p>

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	<p>This could affect the College's ability to deliver and grow curriculum areas. It was important to retain key staff. Mitigations were strong for any further lockdowns.</p> <p>SMT had also discussed impact as some risks would have an impact much further down the line as they were important but had little immediate impact. Funding in key areas such as high needs was clearly a risk and mitigations were in place to minimise this. It was unclear what the impact would be on Westbourne and OKN1 at this point in the year with no clear year of trading. AEB and 16-18 funding was also key with numbers up last year and but looking lower this year.</p> <p>There was work to do on addressing culture and risk appetite within the model and the Board would want to discuss this issue. The Chair felt that this was much more representative of NCC which made it more real and would help governors understand the key risks. There was further work to do on reporting and monitoring to show both the management role and the Corporation role. This might be an area for future work for internal audit to test how where there was Corporation oversight, how this worked in practice and whether the mitigation was working. One approach would be to use a risk assurance framework.</p> <p>Governors discussed whether there were any major omissions and how large property projects such as the Poplar development would be reflected in the register. The document gave more of a sense of immediacy and was useful. The Corporation would be informed by property committee scrutiny. There were different risks involved in terms of property with the opportunity risk being present at the moment and then potentially large financial risks as the project progressed. There were also expenditure risks in relation to income streams where delivery was committed but might not be sufficient to cover costs. The CEO confirmed that there was sufficient cash flow and that the main impact on finances would be in 2022-23. The lease on the new site at Ilford was a new contract but there was risk if it wasn't signed as the College would not have a site for delivery once the current contract ended. There were additional pressures including increasing utility and National Insurance costs, but cash flow was robust.</p> <p>There was a discussion about legislative change, particularly around qualifications and the longer term risks to provision. This was on the horizon and the college was lobbying hard, alongside the AOC, to ensure the full implications of change for all learners were understood. There were more immediate risks to finances from lower enrolment numbers but long term change was being monitored. There was further work to do on reporting and potentially scoring the material risks to ensure that mitigation was focused on the key areas. It was also important to ensure the mitigation was working and to focus any audit on where mitigation could make the biggest difference.</p> <p>The internal auditors thought this was a positive approach and suggested that for many of their clients, IT, cyber security and infrastructure featured in their top three risks. Often this was around the provision of services rather than stealing money but it was important to ensure that there was resilience. The CEO agreed that the gross risk was high but with mitigations such as the JISC network which provided secure connections, and two factor authentication, this was less of a risk. There were some colleges that had fallen foul of such risks but there was often human error where processes had not been followed.</p> <p>Further work would be done on the register to improve the mitigations and an additional section about further actions to be put in place. This would be reviewed periodically by SMT and the Committee and the Corporation would need to become familiar with it.</p> <p>Action - Revisit the register and update for Corporation to review at January Strategy Day</p>
10.	<p>Regularity Audit self-assessment questionnaire</p> <p>The questionnaire had been completed to provide evidence for the external audit of compliance with the regularity requirements. There were no significant changes from the previous year. This was a standard template which, once agreed by Corporation, would be for the Chair and Accounting officer to sign.</p> <p>Action – The Committee recommended to the Corporation that the questionnaire should be signed off.</p>
11.	<p>Whistleblowing Report</p> <p>The Director of Governance reported that there had been no whistleblowing disclosures made in the previous 12 months. The policy was available on the staff portal as well as on the website, and it would</p>

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	be reviewed before the December meeting. The Committee noted the report which would be reported to Corporation.
12.	<p>Attempted Fraud</p> <p>The committee discussed attempted fraud and the CEO confirmed that this would be reported through the IT and finance teams to SMT. Penetration testing was almost complete. There was an obligation on staff to report any attempted fraud through the financial regulations and this had been highlighted again to staff a few weeks ago. The IT system flagged any items, diverting them into junk mail and there had been testing to check that the filter working. There were no items to report. The Internal Auditors reported that they were aware of an incidence of academic fraud elsewhere, where a student had paid a lecturer to increase their grade. The CEO confirmed that the college used software to search for assignments that had been bought online. This was a common route used by many colleges and universities.</p>
13.	<p>Any Other Business</p> <p>There were no items to report</p>
14.	<p>Date of Next Meeting</p> <p>The next Audit Committee would take place on Thursday 7 December. The Chair thanked everyone for attending and closed the meeting at 6.35pm.</p>