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AUDIT COMMITTEE MEETING MINUTES

Date: Thursday 2 March 2023

Venue: Board room

Time: 5.30pm

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| **Chair** | Neil Yeomans |
| **Corporation Members** | Nazia Faiz, Richard Smith Morgan |
| **Co-opted Members** | Thana Nathan |
| **Auditors** | Ashley Norman TIAA |
| **Officers** | Gerry McDonald: Group Principal & CEO  Suri Araniyasundaran: Deputy CEO |
| **Apologies** | All members present |
| **Minutes** | Elsa Wright – Director of Governance |

| **Item No** | **Item of business** |
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|  | **Welcome and Introductions**  The Chair welcomed everyone to the meeting. |
|  | **Apologies for Absence**  All members were present. |
|  | **Declaration of Interests**  None received. |
|  | **Minutes of the Last Meeting Held on**  The minutes of the meeting were **agreed** as drafted. |
|  | **Matters Arising and Action Points from the Meeting**  The action plan was discussed with all items in hand or completed. |
| **ITEMS FOR DISCUSSION, DECISION OR ACTION** | |
|  | **Internal Audit Assignment Reports**  The Deputy CEO confirmed that there had been two internal audits completed with the summary reports from TIAA included in the pack. Ashley Norman, TIAA, explained that they had recently commissioned an external audit of their service and that they ‘generally conformed’ to the requirements of the framework set by the Global Institute of Internal Auditors. This was the highest grade with no areas of non-conformance or part conformance with the standards.  **6.1 Student recruitment**  Overall, the report gave substantial assurance on the adequacy and effectiveness of the process for student recruitment and enrolment through to day 42. There was effective monitoring in place with the risks being managed. Governors asked about standards within the sector and the result at NCC was better than at other clients. There were no action points with good practice identified.  **6.2 HR appraisals and induction**  The HR appraisal and induction audit gave reasonable assurance with 2 important action points and 3 routine action points noted in relation to PDR completion and induction checklists. There had been some progress already on induction with the Group Executive Director for HR clear about the action required.  There would be three reports for the June meeting and planning meetings had been brought forward to ensure audits were starting on time. (Appendix B)  Appendix C was a briefing on recent fraud alerts with fake invoicing on the increase. The CEO confirmed that he led on risk management.  The committee noted the reports and the update. |
|  | **Progress against audit recommendations**  The Deputy CEO introduced his report on progress against audit recommendations. TIAA would report at the summer meeting after verifying progress. Most were in hand with 5 or 6 not yet complete. Three were late and related to a computer aided facilities management asset system which had proved difficult to procure. Work was in hand to identify a system which was the right fit. It needed to allow for data to be captured and stored for each room including condition surveys and fire risk assessments. It also needed to automate and make plans more systematic for maintenance and inspections.  The College was working on business continuity with JISC running a war room type scenario in May. A lot of work had been done on income and debtors, item 11, with some final system changes needed to complete the action. This would save 0.5 of a post. The value of student debt was very small so need automation. The Internal Auditor would will review progress for all medium risks and ask for evidence to link into their reporting.  Medium risks would be reported to every committee and closed off as needed.  Governors thanked the Deputy CEO and his team for their work to close off most of the recommendations. |
|  | **Fraud report**  The CEO commented that there were no items to report. Training for staff was now compulsory if they clicked on links in test phishing emails and they would be locked out if there was a second incident until the training was completed. There would be written warnings for staff who continued to breach the security guidance and training. |
|  | **Oxford School of English – end of year accounts**  The CEO updated the committee. The accounts were for the subsidiary company to 31 August and had been signed off by the auditors, shortly before the completion of the acquisition. The letter of representation would be signed by the CEO. There was a discussion about the losses of subsidiaries and it was confirmed that profits could be gift aided to the college so corporation tax was not an issue. It was not an asset to the college as it stood and the final purchase was a share purchase. The College would move to wind up the company in May before the NCC year end which was linked to the ONS reclassification where subsidiaries were discouraged. Buzzacott would deal with the process. There were £150k of assets. The final purchase was £800k plus £47k for the rent rebate and the final payment would be made the following week. Trading had improved at almost £2m with £2.3m expected in the following year. It was primarily a summer business but almost £1m had be earned since 1 September.  The committee noted the paper. |
|  | **Cyber Security Update**  JISC had performed an in depth audit of external and internal facing infrastructure and found no critical external facing risks. There were a number of internal risks that had not been found previously including housekeeping and back up procedures with many of these items resolved. The summary report was attached for the committee. The full report had been very useful for the IT team and was comprehensive.  There would be a report at the next meeting on the completion of the work raised by JISC and there was a data assurance audit planned by TIAA.  An incident response workshop on 25 May would run a desktop disaster scenario. This would be planned by IT staff with a limited number of people involved and a report would come to the June meeting. Testing was being done more regularly. The recent campus incident would be written up to ensure good practice was shared and that there was a clear process that was known across the sites. |
|  | **Any other business**  The CEO thanked the Deputy CEO for his work to get to a record low number of audit actions during his time at NCC. At one point there were over 100 not cleared off.  There were now a manageable and sensible number with many in progress.  The Chair thanked the Deputy CEO for his work. There had been some enjoyable and useful discussions and he hoped the committee had helped with its input. |
|  | **Date of next meeting – 20 June 2023** |
|  | **Confidential minutes**  Board members to confirm if there were any changes to the draft minutes.  No changes were notified after the meeting and the minutes were agreed as drafted. |