

**Minutes of the Meeting of the Audit Committee**  
**held on Monday 27 March 2023**

**Present: -** Jennette Arnold OBE (Chair)  
Judy Balderson (Co-opted Member)  
Kay Sandford-Beal (Co-opted Member)

**In attendance: -** Tim Williams (Finance Director)  
Jane Simons (College Accountant)  
Linda Watkins (Clerk to the Governors)  
Abigail Appleton (Principal)  
Jonathan Maddock (TIAA)

The meeting was quorate as three members of the Audit Committee were present. The Chair welcomed everyone to the meeting, particularly Jonathan Maddock from TIAA.

**1. Apologies for Absence**

Apologies were received from Joe Hedges.

**2. Declarations of Interest**

There were no declarations.

**3. Minutes of the Last Meeting**

The Committee agreed that the Chair should sign the minutes of the meeting held on 28 November 2022 as a true record.

**Matters arising from the Minutes**

- I. The Finance Director had contacted AoC regarding holiday pay with no response received to date. The Government is considering legislation and entitlement for staff who work fewer hours.
- II. The Chair had met the safeguarding team endorsing the team's commitment to safeguarding students.
- III. Actions relating to the financial statements had been addressed before the Board had approved these.
- IV. The IT and Digital Resources Manager will be invited to attend the May Board meeting. Hereford Governors' conference arranged on 4 May will include an address on cyber security from the Head of Security at JISC.

The Committee agreed: -

- To approve the minutes

**4. Internal Auditor's Reports**

Jonathan Maddock, TIAA, presented the reports explaining that audit reports are given one of four levels of assurance. All recommendations are graded

using three levels of priority. Reports include suggestions outlining best practice which officers can choose to decide if these should be actioned.

- I. Performance management had been given substantial assurance, the highest level of assurance with no recommendations. A Governor commented that the College does not have a performance management policy in place; however, performance management procedures are well established with KPIs and regular reporting meaning this was not required.
- II. The Prevent audit is a key risk area with substantial assurance given evidencing robust mechanisms are embedded. A safety week was held focusing on FE students with sessions on dealing with drugs and county lines. Feedback from students was that this had been a powerful session. Self defence workshops were also provided at the request of the Student Union.
- III. The progress report and briefings showed that two audits have been completed. The student recruitment audit will not be completed this year which had been replaced by the Prevent audit. Updates against actions will be given at each meeting. Briefings were provided covering anti-crime, security measures and increases in fraud. A Governor asked about the risk to security cameras proposing an urgent review of CCTV providers the College uses. The Finance Director confirmed that the College does not use Hikvision cameras.

The Committee agreed: -

- To note the Internal Auditor's useful report, particularly the succinct briefings
- A recommendation tracker will be provided electronically which Governors will be able to access.

## **5 Recommendation Tracker**

This had been updated following the last meeting. The estates strategy needed to be progressed which had been on hold until ESFA guidance was issued. There was discussion about the strategy which will be developed in line with the College's overall strategic plan. Consultants will be appointed. An explanation would be added to the commentary with the date revised to October 2023. **ACTION: FINANCE DIRECTOR**

There has been a capacity issue with staffing, including changes in the IT department. Several IT recommendations have been delayed; SLT are reviewing several IT policies. The IT strategy requires consultation with staff. 2,3,4 red rated recommendations have not been achieved agreeing to revise dates to November 2023. **ACTION FINANCE DIRECTOR**

8: the schedule of statutory returns will be reported to the Audit Committee.

**ACTION: FINANCE DIRECTOR**

SLT will review and remove completed green recommendations. **ACTION: FINANCE DIRECTOR**

13: The bank mandate had been completed with signatories and returned to the HSBC who will process on their digital system. This is not a risk as the College uses a limited number of cheques.

17: Cyber security training and a phishing exercise were introduced for staff in January. Regular exercises will be held at least annually. This recommendation would be removed as it has been actioned and embedded.

**ACTION: FINANCE DIRECTOR**

18: The College has subscribed to Cyber Essentials. IT penetration testing is required along with additional requirements which are being implemented with a further application to be made to Cyber Essentials in the autumn. TIAA confirmed numerous clients apply testing to the system. TIAA could provide gaps to weak areas in the system. This recommendation would remain on the tracker.

19: The Prevent policy recommendation would be removed followed the audit conducted by TIAA. **ACTION: FINANCE DIRECTOR**

26: Anti-virus scans are undertaken weekly with scans on all emails and documents received. This recommendation will remain with additional detail to be added. **ACTION: FINANCE DIRECTOR.** Multi factor authentication (MFA) has proved more complex to embed for staff access which is being investigated.

The Committee agreed: -

- To note the tracker and progress, requesting an addition column for revised dates and to remove recommendations as indicated

## **6. Risk Management Register and Report**

The risk register had changed relating to Station Approach student accommodation and the nominations agreement requiring the College's contractual commitment to fill 178 rooms. This is being monitored with first year and other year groups who are eligible to apply for rooms. There is discussion with Wye Valley Trust to consider subletting rooms. A Governor asked approximate numbers with further research being undertaken at this early stage in the year. A Governor suggested providing structured feedback from students about quality of provision and how this had fed into their social life as part of marketing. **ACTION: PRINCIPAL**

The lease document for CRC is waiting for action from Herefordshire Council with no response despite the Finance Director following up.

Applications have increased for next year with F&GP Committee due to review budget assumptions. Utility costs are expected to increase from 1 April. West Mercia Consortium is anticipated to provide a beneficial package as a large consortium approved by DfE; however, it is anticipated that utilities will still increase.

Issues have been identified with the flat roof, electrics and asbestos in the building to develop the Digital Skills Centre, funded by Stronger Towns. These will have a knock-on effect of the cost of the project. This will be reported to the F&GP Committee.

The Committee agreed: -

- To note the risk register which would be updated for the Board based on the Committee's discussion. **ACTION: FINANCE DIRECTOR**

## **7. Risk Management and Board Assurance**

Jonathan Maddock, TIAA, gave a presentation which would be circulated.

Key points identified during the presentation and discussion: -

- Governors should set the risk tone for the College
- CMT should review the risk register internally
- Risk management is a standing item for the Audit Committee
- Controls to manage risks: transfer, treat, terminate, tolerate
- Conduct an annual review of risks to ascertain they are relevant and any changes
- Assess the College's risk appetite annually. There is an option to have flexibility in some areas e.g. the College's policy on investment may not be risk averse

Board Assurance Framework (BAF) – provides assurance risks are properly managed with reliance on controls. It simplifies management of the risk register.

1<sup>st</sup> line defence – process and procedures

2<sup>nd</sup> – oversight, performance monitoring against processes (policies and procedures, strategic objectives)

3<sup>rd</sup> – independent assurance (e.g. auditors, HSE, Ofsted, OfS)

The Committee agreed: -

- To review the risk register and establish a BAF once the College's new strategic plan had been approved
- To thank Jonathan Maddock for his informative presentation
- To acknowledge the independence of the co-opted members

## **8. Any Other Business**

There were no items.

## **9. Date and Time of the Next Meeting**

The next meeting was arranged for Monday 12 June 2023 commencing at 2.00pm.