East Coast College

Audit Committee Meeting 3.00pm 9th May 2022 Video Conference

Present:	Giles Kerkham (GK) Andrew Walmsley (AW) Roland Kaye (RK) Christina Sadler (CS) and David Shaw (DS)	
In attendance:	Wendy Stanger (Director of Governance) Urmila Rasan (Deputy Chief Executive) Robert Newell (Head of Finance) Karl Bentley (RSM Funding Assurance) Suzanne Rowlett (RSM Internal Audit) Adam Smith (ScruttonBland External Audit.) and Tom Bright (Project Manager) For item 5 Cliff Partridge (IT Manager) and Saber El-Shunnar (Deputy IT Manager) For item 8 Mike Kelf (Manager MIS)	
	Confidential Private Session with the Internal and External Auditors	**Action**
A private session was held with the Internal and External Auditors. [redacted]		
A/22/05/1	**Membership and Apologies**	
No apologies were received.		
A/22/05/2	**Declarations of Interest**	
There were no declarations of interest		
A/22/05/3	**To approve the Minutes of the meeting of the Audit meeting held on 7th December 2021 and any other matters raised previously not otherwise included in the Agenda**	
The minutes of the meeting of 7th December 2021 were agreed as a true record.		
A/22/05/4	**To review the post-meeting action log**	
The post action log was reviewed and it was noted all items were complete and were on the Committee's agenda.		

A/22/05/5	Cyber Security and IT Continuity Planning	
The IT Manager and his deputy presented the College's approach to minimising the risk to the College from cyber attacks on its IT systems. It was noted the systems used had recently been updated to provide additional protection. Governors challenged what areas were seen as the highest risk for a cyber attack and what specific actions had been taken to minimise the risks in those areas. The IT Manager stated the highest risks were around admin accounts such as those used by the IT team and these accounts were not used for any external activities to minimise their visibility to potential attackers. The new Acronis system used Artificial Intelligence to scan for early signs of suspicious activity which aimed to identify potential issues before they became evident through an attack, this being important as many cyber attacks infiltrated systems and lay dormant for a period before activating. The use of immutable back ups held away from the College systems by Acronis would assist with rebuilding the College systems after an attack as these would be clean from any issues caused by the attack. Governors challenged whether the use of the same cyber defence systems across all College campuses and systems made it weaker if attacked and if using a variety of defence systems across campuses and systems would improve security. The IT Manager stated a range of complementary systems, including Acronis, Cyber Essential and JISC, were used and they had to be the same for all College campuses to allow staff and students to work across campuses. Governors challenged whether the use of their personal computers to access College information was a risk to either their own or the College's equipment. The IT Manager stated computer equipment which did not belong to the College was not allowed a direct connection to College systems and so there was no risk of either party introducing cyber security problems to the other party. Governors challenged whether links to outside systems such as banking were a risk to the College systems. The IT Manager noted the PDQs (debit/credit card terminals) were on a separate VLAN to separate them from other College systems. Departments which had potentially higher risks from external attack such as Finance, MIS and HR had back ups made of their systems four times a day to minimise the loss of data if a post attack restoration of data was required. Governors challenged whether the cyber security systems had been tested for effectiveness from attack. The IT Manager stated the costs of a JISC penetration test had been included in the 2022/23 budget as it was an appropriate time for such a test to be done given that new cyber security systems had recently been implemented.		

A/22/05/6	**ESFA Financial Dashboard**	
The Deputy CEO reported she was developing a dashboard to show the College's performance benchmarked against the sector and sought information from Governors regarding any areas which they wanted included in the dashboard. Governors stated they were interested in areas where Value for Money could be measured. Governors agreed the dashboard should initially focus on the KPI areas and any other key areas where useful comparative data was available and then any additional areas for inclusion could be identified. The Director of Governance noted Committees were reviewing Value for Money in their areas and the Audit Committee could review their findings to seek assurance regarding Value for Money.		
A/22/05/7	**Audit Action Log**	
Governors noted items in the Audit Action Log had either been completed or were making good progress towards implementation. The Head of Finance reported the Fixed Asset Register was being rebuilt and the information was being based on the Sun accounting system which would provide a full audit trail. The existing items on the Register were being reviewed individually in order to verify their accuracy and their useful economic life. This work was important preparation for the impairment adjustments which would be made to the Register during the rebuilding of the Great Yarmouth campus. Governors challenged whether an asset verification system which could include barcodes attached to items was used by the College. The Head of Finance stated all IT assets were bar coded but as the large majority of other items on the Register were either buildings or heavy equipment which was not movable a bar code system had not been used for other items. ScruttonBland stated the system used by the College was common with IT equipment being individually tagged and it being considered that it was not practical or material to use a similar system for other portable items. ScruttonBland stated they would review the Fixed Asset Register once it had been rebuilt. Governors agreed with the approach being taken to the Fixed Asset Register review.		

A/22/05/8	**Internal Audit and Funding Assurance Reports**	
A/22/05/8.1	**Internal Audit Progress Report**	
RSM presented a progress report on the internal audit: • Asset Management Audit – field work will be undertaken once the Fixed Asset Register has been rebuilt. • Financial Planning and Budgetary Control – fieldwork complete, waiting for College to resend information which had been mislaid • Financial Controls – due to the required information not being provided by the College, report will be presented at next Audit Committee RSM advised that if Fraud was the next audit area it would mean they were unable to present an opinion on risk in their annual report. Governors challenged whether there was a risk to the College is the report did not include an opinion on risk. RSM advised that it was not a legal requirement for the report to contain an opinion on risk and Governors could seek assurance through other means. Governors considered what alternative methods could be used to seek assurance on risk if RSM were not able to give an opinion. **Governors agreed the following action:** • **Director of Governance to provide the Audit Committee with the Board Assurance Framework to assist with the preparation for their annual report.**		**WS**
A/22/05/8.2	**Funding Assurance – Off The Job Checking Process Review**	
RSM presented an interim report on their work on the off the job checking assurance and stated a big improvement had been made with the relatively small number of files reviewed to date. When the full review was undertaken at the end of May it would be possible to give a more informed view. RSM stated the issues faced by the College were common in the sector and the College was further advanced in resolving them than many other colleges as it had taken early action with this work. The issues were largely caused by the ESFA retrospectively changing their evidence requirements which meant the original data collected was no longer compliant with current ESFA needs. Governors challenged regarding when the backlog was planned to be cleared and when all files would be fully compliant. The MIS Manager stated that as new procedures were in place many new files were compliant on their initial review. The backlog related to apprentices who were part way		

through their apprenticeship which meant the backlog would not be fully cleared until all those apprentices had completed which could be in up to three years' time. The Deputy CEO reported that following the recent appointment of an additional Deputy Principal, who was very compliance focussed and had experience of similar issues in her previous role, the Work Based Learning team had become her responsibility. Governors stated they were more reassured about this area than they had been a year ago. **Governors agreed the following action:** • **The full RSM assurance review would be presented to the next Audit Committee if available. If it was not available an interim report would be presented.**		**WS**
A/22/05/9	**To review the Risk Register**	
A/22/05/9.1	**Strategic Risk Register**	
A/22/05/9.2	**Tactical Risk Register Finance and General Purposes**	
A/22/05/9.3	**Tactical Risk Register Quality and Standards**	
A/22/05/9.4	**Tactical Risk Register Curriculum Development**	
A/22/05/9.5	**Tactical Risk Register People**	
A/22/05/9.6	**Tactical Risk Register Governance Remuneration and Search**	
A/22/05/9.7	**Tactical Risk Register Estates**	
Governors reviewed the Risk Registers and noted that a revised version of a Committee's Risk Register had not always been received at each Committee meeting. The Director of Governance stated this occurred when a Committee met more than once in a term as the policy was that Risk Registers should be reviewed once a term. Governors noted that the narrative summary provided by each Committee about their review of their Risk Register gives useful additional information. Governors challenged that the large majority of residual risk scores remained unchanged. It was explained that within many lines, the narrative had been updated appropriately, even if the scored had not moved. Governors challenged why the Estates Committee Risk Register was not fully completed given the expected significant risks to the College from projects. The Director of Governance stated that until a project had been fully approved it was not possible to complete all details as there were too many uncertainties.		
A/22/05/9.8	**RSM's Analysis of Education Risk Registers**	
The Committee noted RSM's Analysis of Education Risk Registers.		

A/22/05/10	**Fraud Register**	
The Deputy CEO noted the two frauds included on the Fraud Register were committed against individual College employees rather than the College itself. Governors challenged how items for inclusion on the Fraud Register were collated. The Deputy CEO stated she and the Deputy Principal reported any fraudulent activity which they had been notified of at the SLG meeting.		
A/22/05/11	**Post Audit Code, Accounts Direction and Regularity Audit Questionnaires**	
The Committee received the Post-16 Audit Code of Practice 2021/22, the Accounts Direction 2021/22 and the Regularity Audit Questionnaire. The Director of Governance reported completion of the questionnaire was a legal requirement and there were no major changes from the previous year's version of the documents.		
A/22/05/12	**Agenda Planning**	
Funding Assurance – Off the Job Checking Process Review.		
A/22/05/13	**Review of Meeting**	
1. Confidential Items: None 2. Risk Management: If it is considered a Committee has not fully considered what mitigation could be applied to a risk, this will be brought to the attention of the Committee. 3. Health and Safety: None 4. Equality and Diversity: None 5. Media: None 6. How did the meeting go: The presentation about Cyber Security and IT Security Planning had been thorough and provided assurance to the Committee.		
	Date of Next Meeting	
11th July 2022 3.00pm Teams		