

East Coast College Audit Committee Meeting 13th July 2021 Video Conference

Present:	Giles Kerkham (GK) Roger Cracknell (RC) and Christina Sadler (CS)	
In attendance:	Wendy Stanger (Director of Governance) Urmila Rasan (Deputy Chief Executive) Rob Newell (Head of Finance) Nic Fanning and Karl Bentley (RSM Internal Audit and Funding Assurance) Sharon Gravener, Mark Smith and Adam Smith (ScruttonBland External Audit.) and for item 7.1 Mike Kelf (MIS Manager)	
Private Session with the Internal and External Auditors		Action
A private session was held with the Internal and External Auditors. No issues of concern were raised.		
A/21/07/1	Membership and Apologies	Action
The Deputy Chief Executive and Head of Finance joined the meeting. It was agreed that item 5 would be taken after item 9. Apologies from Albert Cadmore (AC)		
A/21/07/2	Declarations of Interest	
There were no declarations of interest		
A/21/07/3	To approve the Minutes of the meeting of the Audit meeting held on 27 4 21 and any other matters raised previously not otherwise included in the Agenda	
The minutes of the meeting of 27 4 21 were agreed as a true record.		
A/21/07/4	To review the post-meeting action log	
<p>The post meeting action log was reviewed.</p> <p>A/19/12/11 The Deputy Chief Executive advised that the College was applying for Cyber Essentials and once this was secure would move on to Cyber Essentials plus which included testing on site. This checked that the systems and procedures were in place. Any issues highlighted would be reviewed and addressed appropriately. It was agreed that the postponed presentation by the Head of IT on cyber security and the action that the College was taking to mitigate this risk be made to the December Audit Committee.</p> <p>A/21/04/6 The Deputy Chief Executive advised that no changes had been made to the scoring of the Strategic Register as it was not appropriate to change in year. The Committee discussed how weighting could be used to better represent the risk on the Strategic Register. The Director of Governance advised that the Board received the Strategic Register and the summary tactical registers.</p>		

Governors agreed the following action:		UR
<ul style="list-style-type: none"> That the Strategic Risk Register should continue to use the average for scoring but that the red tactical risks that made up the strategic risks should be highlighted. <p>A/21/04/6 The committee were advised that the report on VFM and consideration of how to use the ESFA Financial Dash Board had been postponed as the Deputy Chief Executive and Audit Chair needed to meet and agree an approach. Governors raised if this would consider the FEC KPIs. The Director of Governance advised that the Finance and General Purposes Committee were to hold a finance workshop in September which would include a KPI review and how these could be benchmarked.</p>		
A/21/07/5	To review the Risk Register Strategic Risk Register	
A/21/07/5.1	Finance and General Purposes Risk Register	
A/21/07/5.2	Quality and Standards Risk Register	
A/21/07/5.3	Curriculum Development Risk Register	
A/21/07/5.4	Governance, Remuneration and Search Risk Register	
A/21/07/5.5	People Risk Register	
<p>The risk registers were reviewed.</p> <p>Governors queried how new risks were identified and it was noted that the Committees were identifying new or amended risks as part of their review of the tactical registers as was demonstrated by the minutes extract.</p> <p>The Director of Governance advised that as noted in the Curriculum Development Minutes extract their risk register had been revised to more closely meet their remit and the revised version was included at agenda item 5.3.</p> <p>Governors challenged if the risk register needed to be updated to reflect the funding assurance audit. The Director of Governance advised that the Finance and General Purposes tactical risk register had been updated to include the risk of clawback of apprenticeship income reference S01T14 and that the Quality and Standards had the risk of apprentices not completing in a timely manner.</p> <p>Governors challenged if the Curriculum Development risk registers needed to reflect the risk to recruitment of an ineffective marketing strategy. The Director of Governance advised that this would be seen as a cause and the mitigation would be that there was an effective marketing strategy in place as demonstrated by the Internal Audit.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> Risks related to apprenticeship income and quality to be updated at the next review to reflect the funding assurance audit. Curriculum Development risk register to be updated at the next review to include a cause of the risk to recruitment of ineffective marketing 		<p>UR</p> <p>PP</p>

strategy and action plan with the mitigation being that substantial assurance was found in the Marketing and Student Recruitment Audit		
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A/21/07/6	Update on Finance system and structure implementation	
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The Head of Finance updated the committee on changes to the finance system and finance team. He was confident that these changes would mean that it would be a good audit as the necessary controls and separation of ledgers was now in place. Continual improvement would continue to ensure that the finance function provided value for money service to the College.

Internal Audit advised that the Key Financial Controls Audit was due to be finalised shortly.

A/21/07/7	Internal Audit Reports	
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A/21/07/7.1	Confidential Funding Assurance	
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A/21/07/7.2	Marketing and Student Recruitment	
<p>Internal Audit presented the report. This was substantial assurance with 4 low agreed actions.</p> <p>Governors challenged how they would be assured that the recommendations had been completed. The Deputy Chief Executive advised that updates on action would be included on the Audit Recommendations Action Log which was brought to each Audit Committee. The actions had been agreed by the Assistant Principal Student Wellbeing and Support who was responsible for that area and implementation had already commenced.</p> <p>Internal Audit advised that action implementation was also reviewed in their follow up audits.</p>		
A/21/07/7.3	Progress Report	
<p>Internal Audit presented the report. Key Financial Controls Audit was just being finalised and would come to the next audit committee. The follow up audit was to be carried out in September, it had been delayed to give more value to the process as some actions required staff to be on site.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> • Sector update on emerging issues to be shared with the Board • RSM NED network to be shared with the Board 		
A/21/07/8	Audit Recommendations Action Log	
<p>The action log was reviewed. The Deputy Chief Executive advised that a revised date had been agreed for completion of the GDPR recommendations due to the need to be on site. All actions on the log were due to be completed by the follow up audit.</p>		
A/21/07/9	External Audit - Audit Planning Letter	
<p>External Audit presented the planning letter. Due to the Partner's impending retirement she would be assisted on this audit by her replacement. External Audit highlighted section 5 Auditing Developments which included the requirement for greater scrutiny of going concern as part of the audit process and section 8 Risk Analysis – Key Audit Areas which included standard ones included at every college. The planning meeting had been held with the Deputy Chief Executive and the Head of Finance and based on the current forecasts going concern would not be an issue.</p> <p>Governors challenged if the financial assurance work would affect the accounts. External Audit advised that the risks identified by internal audit on apprenticeship funding were additional to those described in the Audit Planning letter assessment, but it was a positive that the College had commissioned a funding assurance audit as the scale of any discrepancy in evidence should be identified prior to the yearend audit. External Audit would review their planned test programme after the College supported by Internal Audit had completed their further review. If any issues were not resolved this could have implications for the external audit and would require consideration at that stage.</p>		

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A/21/07/10	Fraud Register	
<p>The fraud register was reviewed this included one attempted fraud and the action taken to address it. It was noted that this was a cyber security risk and the Committee had scheduled the Head of IT to update the committee on cyber security at its December meeting.</p>		
A/21/07/11	Corporate Governance and Board Assurance Framework	
<p>The Director of Governance presented the revised framework. The purpose of the board assurance framework is to help the College determine how it will gain assurance over the effectiveness of controls that it relied upon to achieve its objectives</p> <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend the Corporate Governance and Board Assurance Framework for adoption to the Corporation 		
A/21/07/12	Risk Management Strategy, Policy and Procedure	
<p>The Director of Governance presented the revised policy. The Risk Management Strategy, Policy and Procedure forms part of the College's internal controls and corporate governance arrangements. The Strategy explains the College's underlying approach to risk management, documents the roles and responsibilities of the Corporation and the risk management process.</p> <p>Governors raised a minor issue that the annual report should be at the end of the calendar year, rather than the academic year. The Director of Governance advised that this would be updated in the version taken to Corporation for approval.</p> <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend the Risk Management Strategy, Policy and Procedure for approval to the Corporation. 		
A/21/07/13	Regularity Propriety and Compliance Manual	
<p>The Committee reviewed the manual and noted that the wrong Companies Act had been quoted in section 11 Accounting Policies and Procedures and that section 5 Regulatory Framework needed to refer to Charity Law. The Director of Governance advised that this would be updated in the version taken to Corporation for approval.</p> <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend the Regularity, Compliance and Propriety Manual for approval to the Corporation. 		

A/21/07/14	Business Continuity Policy and Plan	
<p>The Committee reviewed the policy and noted that the purpose of the Business Continuity Policy and Plan (BCP) is to document the arrangements during and immediately following an event or activity which may have an impact on business-critical functions and reputation to ensure they are reinstated and/or managed as soon as possible.</p> <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend the Business Continuity Policy and Plan for approval to the Corporation. 		
A/21/07/15	Freedom of Information Policy	
<p>The Committee reviewed the policy and noted that the Freedom of Information Policy and Procedure sets out the arrangements that the College had made to ensure compliance with the Act.</p> <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend the Freedom of Information Policy for approval to the Corporation. <p>RSM and Scrutton Bland left the meeting</p>		
Confidential Independent Governors Only		
A/21/07/16	Internal Audit Tender	
<p>The Director of Governance presented the tender report. The Chair advised that he was content that the process had reviewed the market and that the rate tendered was appropriate.</p> <p>Governors commented that the Funding Assurance Audit had demonstrated the value of having a tender for both internal audit and funding assurance. Funding was a high-risk area and appropriate advice was required to help manage the constantly changing regulations.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> • Corporation to be advised of the cost of Internal Audit and Funding Assurance in 20/21 <p>The Committee resolved to:</p> <ul style="list-style-type: none"> • recommend to Corporation the appointment of RSM for internal audit and funding audits [REDACTED] 		UR
A/21/07/17	Agenda Planning	
<p>Additional Audit meeting on Funding Assurance – week commencing Monday 11/10/21</p> <p>Audit Plan to December meeting for January 22 start</p>		

A/21/07/18	Review of Meeting	
<ol style="list-style-type: none"> 1. Confidential Items: Internal Audit Tender and Funding Assurance 2. Risk Management: As noted in agenda item and include funding assurance audit issues to be reflected in the risk register, ineffective marketing to be added as a cause on the curriculum development register and the positive assurance from the Marketing Audit to be added as mitigation. 3. Health and Safety: None 4. Equality and Diversity: None 5. Media: None 6. How did the meeting go: Important issues discussed that demonstrated the value of the committee. <p>The committee reordered their thanks to Roger Cracknell and Albert Cadmore who were stepping down at the end of July.</p>		
	Date of Next Meeting	
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