

## Minutes of a meeting of the Audit Committee held at 1700h on Monday, 24<sup>th</sup> May 2021 by Teams

Present: Robert Milburn (Chair); Norma Boyes; Denise Rollo (until Min No 16/21); Stuart Williams; Elaine Clinton

Also present: Karen Wilson (Deputy Principal); Karen Rae (External Auditor, Armstrong Watson; Patrick Clark (Internal Auditor, Icca-ETS); Daniel Braithwaite, Assistant Principal (Min No 09/21)

### **07/21 Minutes**

**Resolved** – that the minutes of the meeting held on 8 February 2021 be approved and signed as a correct record.

The Chair asked what the latest news on the impact of the MacLeod ruling was. The impact is still unclear, but it would appear as if the pension bodies will need to carry out some considerable work to contact those of a certain age to let them consider whether or not they would want to take up the former structure or not. It is felt that the sector is about a year away from understanding the full impact, but the feeling is that it is not as bad as first thought.

### **08/21 Declarations of Interest**

None received.

### **09/21 Maths and English Strategy**

It was agreed to take this report at the top of the meeting to allow the participation of the Assistant Principal, who had responsibility for the strategy.

This audit, in respect of the effectiveness of the strategy to ensure compliance with ESFA funding rules, gave reasonable assurance with two medium recommendations.

It was noted that attendance was a lot lower than target for both study programmes and apprenticeships, both GCSEs and Functional Skills. This was typical of the sector, although it was true to say that the levels were lower than some elsewhere in the sector.

With a number of recommendations forthcoming, focused on good communication and prompt interventions where expectations were not being met, the Auditor welcomed the Springboard approach being introduced for

next year, where the weaknesses of the learner became the focus (avoiding unnecessary repetition of stronger areas leading to boredom and disengagement), which had seen some success elsewhere in the curriculum. It was noted that this would be more challenging in the coming year when many students would have lost learning during the pandemic.

It was noted that the audit had taken place in January and that the Assistant Principal noted that a significant amount of effort and intervention had been going on, however, that there was recognition that a new approach was needed to effect change, given the amount of effort which was going in. The Assistant Principal acknowledged that the report had assisted the team in the reviewing of targets and the speed of intervention.

It was asked whether there was any risk of a loss of funding in respect of attendance and this was not the case, however, where a learner left or was withdrawn, this would impact funding. There was a tension between the quality of provision, finances and achievements in terms of progression, where disciplinary action might lead to withdrawal.

Some of the implementation dates were questioned and it was felt that they had been deliberately ambitious, but assurance given that they had been progressed to an extent and would be finished by the end of the academic year.

On recommendation on 3.1...implementation dates, passed or imminent any issues completing to those timescales. Were deliberately ambitious, we have progressed everything to an extent, other challenges we faced, a lot of them need to be done by end of academic year and the priority of it.

The internal auditor was asked how performance compared to other colleges and felt that some were in worse position than Lakes College, with one recent audit giving a college limited assurance and 4 high risk recommendations.

The Chair noted that it was a constructive set of actions and look forward to progress reports in the coming year.

## **10/21 Subsidiary Company**

This audit, a review of the setting up and operation of the company, gave substantial assurance with one low recommendation about the reporting of the KPIs in full to the Board. It was felt that there had been the due diligence which would have been expected and that the oversight arrangements were effective.

It was noted that there had been savings achieved from the exercise and it was asked whether there were any legacy issues which may have an impact on finances. It was felt that the only issue, which was not resolved before transfer, was that of outstanding leave which the College had had to accommodate. No other issues had been encountered and it was verified that

staff were in a stakeholder pension scheme and not the Local Government Pension Scheme.

The Committee noted the findings, which they found reassuring and thanked all staff involved, particularly given the difficult circumstances at the time.

#### **11/21 Internal Audit: Compliance with Audit Recommendations**

The internal auditor had verified whether audit recommendations were being implemented and gave substantial assurance, with only one recommendation partially implemented, in respect of health and safety of work placements, which had been impacted by the pandemic and would be followed up into the autumn term. The accuracy of audit tracking was also commended.

#### **12/21 Internal audit: IT Data Security**

This audit was to provide assurance that the College had proper procedures in place to provide service continuity and to protect the integrity of data. It was carried out by an expert in the field and was given substantial assurance.

It was felt that it was a good clean audit and the College was ahead of the game in that it had already received Cyber Essentials Plus, a level above what was being requested of other public sector organisations.

There were two medium recommendations and one low recommendation. The consideration of the role of the Data Protection Officer was suggested given fresh advice from the ICO on the subject; password protection should be reviewed (it was noted in this context the difficulty of complex arrangements for password protection in a student population, but there needed to be a system which could be implemented); and the Data Security Policy should be updated on an annual basis.

The role of the Data Protection Officer was to be discussed in the next item.

#### **13/21 Data Protection Officer**

The preceding audit had requested the Board (through the Audit Committee) to consider the ownership of the Data Protection Officer role and the potential for a conflict of interest.

The issue was one of expertise (both of data protection and the different systems used to store data) and the potential for conflict of interest. While the Data Protection Officer (the Deputy Principal) did manage staff who collected and administered data, she was also a Senior Post Holder who reported directly to the Board including data protection. In addition to this, decisions tended to be taken on a collective basis, as part of the data protection group.

Following significant discussion, which included a reluctance to buy in additional support, it was felt that, if the decision-making procedure was

properly documented, that the committee felt this mitigated any risks and was content to make the recommendation to the Board. The external auditor noted that there were similar protocols in the academy sector.

It was verified with the internal auditor that this way forward had met the recommendation made in the audit report.

**Resolved** – that the Board be recommended to approve the continued appointment of the Deputy Principal as Data Protection Officer.

#### **14/21 Risk Register**

The Audit Committee considered the Risk Register and in particular amendments to Risk 7 to encompass a wider remit including governance and fraud.

It was felt that a key risk currently was the concern over the financial situation and that the mitigating actions looked appropriate, demonstrating change and a willingness to adapt to circumstances.

It was asked whether sickness absence could be taken off red, but it was requested to leave it on red for a while further to determine whether there were underlying issues.

The internal auditor concurred that he felt key controls had been covered.

**Resolved** – that the revised risk register be recommended to the Board.

#### **15/21 Internal Audit Strategy**

The Committee considered the Internal Audit Strategy and plan for the coming year, which they felt was a good plan and added value. They did add that they wondered whether the impact of the civils project should be added in, but the Deputy Principal noted that she would in any case have to bring a post-project evaluation to the board in any case and that it normally took a year to fully see the benefits.

**Resolved** – that the Internal Audit Strategy and plan for 2021/22 be recommended to be the Board for approval.

*Denise Rollo left the meeting*

#### **16/21 Financial Regulations**

The Committee gave consideration to the revised financial regulations, which included an amendment in respect of the responsibility of the Accounting Officer to give assurance in respect of governance and control and to provide an interim financial statement up to the point of their departure in line with amendments to the revised audit code of practice.

**Resolved** - that the financial regulations be recommended to the Board for approval.

**17/21 Revised Audit Code of Practice**

Revisions to the code included a requirement for external auditors to do additional testing, which the external auditor felt could be accommodated without extra cost, and a requirement for the external auditor to report directly to the Board, which could also be accommodated but in summary form as the main reporting would continue to the Audit Committee. The Committee noted the revisions made.

**18/21 Audit Tracking Report**

The Deputy Principal reported progress against recommendations which were duly noted.

Having checked with the internal and external auditor that there were no issues they wished to raise, **the Chair closed the meeting at 1840h.**