

**AUDIT COMMITTEE MEETING
 MINUTES PART**

Date: Thursday 5 March 2020
 Venue: Tower Hamlets Campus – G20
 Time: 6.15pm

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| Chair | Neil Yeomans |
| Corporation Members | Gareth Wall |
| Co-opted Member | Thana Nathan |
| Auditors | Paul Goddard and Leisyen Keane - Internal Auditors (Scrutton Bland) |
| Officers | Gerry McDonald: Group Principal & CEO Suri Araniyasundaran: Deputy CEO |
| Minutes | Elsa Wright – Director of Governance |

| Item No | Item of business |
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| 1. | Apologies for Absence Apologies received from Cynthia Griffin and Marina Antoniou |
| 2. | Declaration of Interests None received. |
| 3. | Minutes of the Last Meeting Held on 5 December 2019 The joint minutes with F&GP were signed as a true and accurate recording of the meeting. |
| 4. | Matters Arising and Action Points from the Meeting All items had been completed or were covered on the agenda. |

ITEMS FOR DISCUSSION, DECISION OR ACTION

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| 5. | <p>Sector Update</p> <p>Paul Goddard explained that the OfS had issued the new HE accounts direction in November. The ESFA update was still outstanding. The HE version had new recommendations on executive pay and corporate governance in relation to the statement of internal controls. He confirmed that any action was covered by recommendations from the internal audit. The ESFA draft was with ministers and limited changes were expected to the Audit Code of Practice. Governors discussed the different requirements and the increasing list of compliance items which stemmed from high profile failures. Guidance from the AOC on these matters was helpful and the sector was putting pressure on the government to align the requirements. Governors asked the auditor to share the HE strategy document from the OfS.</p> <p>The integrated financial model had caused a huge amount of additional work and was constantly being updated even as colleges were trying to complete it. Better governance and oversight were required rather than huge amounts of additional data. Deliberate fraud could be hidden in subsidiary companies which would not be detected at this level. Previously officials had visited colleges rather than rely on monitoring via large spreadsheets. There were 5 or 6 key metrics which could be monitored with commentary. The Deputy CEO confirmed that the Corporation received a summary of performance against KPIs alongside the monthly management accounts.</p> <p>The ESFA were currently consulting on sub-contracting and were looking to eliminate it where it was simply used to generate income and little was delivered for the management fee. The consultation would end on 17 March with implementation from 1 August. It was sensible to look at the strategic fit of any provision and to eliminate 'out of area' contracting where there was no oversight. There needed to be clear visibility of what was delivered for the management fee. Any provision should be procured within a clear framework. Much of the consultation covered issues which were devolved to the GLA and therefore were not relevant.</p> |
| 6. | <p>Annual Internal Audit reports</p> <p>There were 3 reports for review. The Risk and Governance audit was with the finance team for comment. The performance management audit had been cancelled and all other audits were scheduled</p> |

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| | <p>to run. There were 15 days available in the current year. There was a discussion about whether there were any additional areas that would benefit from scrutiny or if a scheduled audit should be brought forward. Systems migration was an important area which might benefit from some scrutiny. IT systems had been examined in the previous year although areas such as ransomware had not been covered. The summary reports showed no areas of non compliance and the auditors confirmed that the risk register entries were set out in the full reports. There was a discussion about the report on cash handling. The risks were not material given the small amount of cash that was handled by the college but the report offered comfort as this was an area where fraud could occur.</p> |
| 7. | <p>Internal Audit Recommendations Log</p> <p>There was a discussion about audit recommendations and whether, in some cases, the college should say that they did not accept recommendations and understood any risk associated rather than accepting them and the audit log continuing to grow. For example, a number of the recommendations about the Havering sites were no longer relevant post merger and should be removed from the log.</p> <p>It was agreed that an updated log with revised completion rates (as appropriate) would be brought back to the next Audit committee meeting.</p> <p>Action – Deputy CEO to update internal audit recommendations log</p> |
| 8. | <p>Plan for 20/21 and three year plan</p> <p>The programme for 20/21 was a mix of assurance audits and cyclical audits. There was a discussion about the content of subject audits such as English and Maths. The college would use a subject specialist if they wanted judgements on the curriculum. The auditor explained that they looked at compliance with conditions of funding. Governors discussed whether there were areas that should have priority. Safeguarding could look at how the systems in use across the college talked to each other to ensure that data was as accurate as possible. SMT discussed safeguarding every week and it had been difficult to get real time data from the HR systems on compliance. The weakness was in compliance in terms of ensuring all staff completed the actions they needed to such as reading KCSiE and acknowledging they had done so, but this was closely monitored. Governors asked about the data protection issues surrounding safeguarding and auditing compliance. The CEO confirmed that incidents were reported via C,Q and S and the Safeguarding Governor.</p> <p>One area that could be useful would be around cashflow for major capital projects. The RCF was in place and it would be good to provide assurance to the board on how this would be used and on the disciplines in place around cashflow and predictions. It would be good to test this while the projects were still at a relatively early phase to ensure that all those involved were clear about the process before there were two or three large projects running in parallel.</p> <p>It would be helpful to bring the Business Continuity Planning audit forward to 20/21. The committee would review the document again in June and Governors were asked to provide any feedback on the schedule.</p> <p>Action – All members. Revised plan for June meeting</p> |
| 9. | <p>Risk Register Update</p> <p>The Deputy CEO reported that the new document set out the key strategic risks. Each area held its own risk register which looked in more detail at by the relevant staff. Areas such as curriculum risk would be looked at through the QIP. Governors were keen to ensure that all risks were still held centrally and that those which could cause the biggest risk to the college, such as property, were visible to the Audit committee. The Deputy CEO assured the committee that each major project had its own risk register.</p> <p>The Chair thanked the Deputy CEO for his work on the register. The structure was very helpful. The document needed to set out in more detail the specific risks and the controls in place to mitigate them. It was a little too generic and could describe the risks in any college rather than them being directly related to NCC. Any controls in place needed to be auditable and it was unlikely that a control could change the impact score. The impact would remain the same but the significance would be lessened by the control. Risk owners should be identified as individuals rather than teams. Those individuals would then manage the risk on behalf of the SMT. It would be a very useful document with some small changes and should link to the Strategic Intent Document.</p> |

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| | Action – Deputy CEO to revise the risk register for June meeting |
| 10. | <p>AOB</p> <p>The college was following the advice from Public Health England in relation to the COVID-19 outbreak. A risk assessment would be undertaken for all visits. A number of staff and students were self isolating and the college would support them, sending work home. Hand sanitisers were in place across the campuses.</p> <p>The internal auditors left at 7.20pm</p> <p>The Deputy CEO confirmed that the auditors brought in expertise for areas such as curriculum audits. The work undertaken by the quality team provided assurance to governors via C,Q and S about the curriculum. Internal Audit's role was to assure this committee that reporting was robust and that the assurance map was correct. The committee would need to think about where IA could provide that assurance before signing off the programme at the June meeting.</p> <p>The Chair confirmed that 100 days of internal audit was not unusual for a £100m business and often a business of that size would employ a FT auditor. There was a discussion about the focus for 20/21 and it would be important to ensure that the controls around the key risks in the register were examined. Finance and funding were now centralised and it was key to ensure that the right people were conducting the audits.</p> |
| 11. | <p>Date of Next Meeting</p> <p>The next Audit Committee will take place on the 16 June 2020.</p> |