RUNSHAW COLLEGE	RUNSHAW COLLEGE CORPORATION MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 17TH JUNE 2021

Present:

Alison Watson-Bird (Chair), Martina Jay, Michael Lowe, Martyn Lylyk

In Attendance:

Fatema Hussein (Head of Governance), Karen Musgrave (RSM), Hannah Parker (Mazars),
Chris Grogan (Mazars), Clare Russell (Principal), Janet Ivill (Director of Finance),
David Chamberlain (Co-opted Member / Observer)

Meeting began	6.00pm
Meeting closed	7.15pm
Attendance:	100%
Venue:	MS Teams

1. APOLOGIES FOR ABSENCE

There were no apologies to receive.

1.1 Introduction to David Chamberlain Co-opted Member

The Co-opted member David Chamberlain was welcomed and introduced to the meeting. David provided the Committee with some details about his background and motivations for joining the Runshaw Board.

2. DECLARATION OF INTEREST

Governors / Members were invited to declare any direct, indirect, pecuniary, personal or prejudicial interest relating to any item on the agenda for the meeting

There were no declarations made.

3. MINUTES OF THE MEETING HELD ON 11TH MARCH 2021

3.1 Approval of the Minutes – Part 1

Agreed: that the minutes are signed as a correct record and authorised for publication (Part 1)

3.2 Matters Arising from the Minutes

The action progress log was reviewed, and it was noted one action was being carried forward with the others having been included on the agenda for discussion.

3.2.1 Cyber Security Action Plan – Update on Progress

The Committee received an update on progress with the action plan and it was noted that all priority 1 and 2 recommendations had been implemented. The risk of a cyber-attack was still rated as high and mitigations had been put in place to minimise this.

Governor Questions

Q. Would it be useful for the Committee to be provided with an update on progress with the cyber security projects and when would it be appropriate to do this?
A. Cyber would continue to be one of the top 5 risks and progress could be highlighted on the risk register

ACTION:

Director of Finance to note progress on the risk register

4. INTERNAL AUDIT REPORTS

Mazars presented the internal audit reports with the following points highlighted to the Committee:

4.1 Equality & Diversity

- The scope of the audit had focused on the following key areas:
  - Policies, strategies and action plans
  - Roles and Responsibilities
  - Training
  - Staff recruitment
  - Equality Impact Assessments
  - Complaints
  - Monitoring and Reporting
- An Adequate Assurance opinion had been issued with evidence of some good practice including the Equality & Diversity Champions group
- 2 recommendations had been made and these were to:
  - Introduce a mandatory refresher cycle for the License to Recruit training
  - Consider whether Governors should undergo cyclical training in relation to equality and diversity.

A Governor stated that many Board and Co-opted members had undertaken Equality and Diversity training as part of their other roles even if this had not been with Runshaw.

The Head of Governance requested that any measurable KPI's for Equality and Diversity were shared with the College.

ACTION:

Mazars to provide examples to the College

4.2 Cyber Security

- The scope of the audit had focused on the following key areas:
  - • Boundary Firewalls and Internet Gateways
  - • Secure Configuration
  - • Access Control
  - • Malware Prevention
  - • Patch Management
- An Adequate assurance opinion had been issued with 4 recommendations

Governor Questions

Q. Was there any increased risk with the July 2022 timescale for two of the recommendations?
A. The recommendations had been classed as "Housekeeping" and the Auditors were comfortable with those timescales

The Director of Finance advised that College had other processes in place which provided some mitigation.

4.3 Health & Safety

The scope of the audit had focused on the following key areas:
• Roles and responsibilities
• Compliance
• Accidents and Incidents
• COVID-19 Risk Assessments
• COVID-19 System of Controls
• Remote Working
• Reporting
- An Adequate assurance opinion had been issued with 7 recommendations
- It had been noted that there had been some staffing changes at the College since the last review

4.4 Follow Up

Mazars presented the report and it was noted that:
- As part of the Internal Audit Plan for 2020/21, a follow up review had been conducted to assess progress made by the College in implementing agreed internal audit recommendations
- This included internal audit recommendations made through reports finalised and reported to the Audit Committee in the period to 31st March 2021
- There were a total of four recommendations that were due for implementation and 100% had been implemented

5. AUDIT RECOMMENDATIONS MONITORING REPORT
5.1 Open Items
5.2 Closed Items

The Director of Finance reported that
- The full internal audit plan had now been completed, with one substantial assurance rating and four adequate assurance reports
- A few the audits had been of areas considered to be high risk
- There were currently 20 open recommendations with 18 not yet due for completion and 2 overdue actions
- The overdue actions were from the F.E. Commissioner diagnostic assessment

- 13 actions had been closed off this year

6. **2021/22 INTERNAL AUDIT PLAN**

Mazars presented the strategy for 2021/22 and advised that:
- Areas identified for review in the next academic year were based on previous discussions with the Committee and a subsequent meeting with the Finance Director
- The plan would cover the following areas; Security (Safeguarding of Assets), Complaints and Reputation, Project Management (Information Systems), HR (Recruitment, Retention & Staff Wellbeing), Student Support and Welfare, Property Strategy
- Changes to the Mazars current assurance levels were proposed from 3 categories to 4
- The definitions of the recommended priorities would also be amended
- Agile working processes were well-established across Mazars and staff had full access to remote working technology with secure access to applications, tools and data, wherever they were working from
- As a result of this, they were fully equipped to maintain the level and quality of service the College expected

Governor Questions

Q. Could the security audit be undertaken internally, and was this the best use of the Auditors time?
A. College would not have the capacity to undertake this

Q. Would some work around income and revenue assist with the new funding assurance audit?
A. RSM stated that they would still need to undertake their own work on this

RESOLVED:

The Committee approved the internal audit plan and the proposed changes to Mazars assurance levels

7. **RSM AUDIT PLAN 2021/22**

RSM presented the draft audit plan which detailed the approach, scope, timetable, fees, related audit areas of risk and planned dates for the audit of the College's accounts for the year ended 31 July 2021. It was noted that:
- The plan was still in draft form and would be re-issued to the Committee once finalised
- There would no extension to the deadlines for submission of the accounts due to the impact of Covid
- There was now a requirement in the updated Audit Code of Practice for the external auditors to undertake additional work in relation to the funding received by the College
- RSM had specialists within the organisation who could undertake this work so that Governors could receive the necessary assurance
- As this was a new requirement, a pilot of the funding assurance audit was being undertaken at the moment

Governor Questions

Q. Would there be a persistent additional charge for the funding assurance work?
A. RSM confirmed that there would be an additional annual charge for this.

Q. Was management confident that it could provide the additional information required for the funding assurance audit to RSM?
A. This information would be supplied primarily by the QMIST team and the Director of Finance was in discussions with the team regarding this

The Head of Governance queried the requirement in the Audit Code of Practice for the External Auditors to present the Audit Findings report to Board separately from the presentation to the Audit Committee. There had been some different opinions on this from Audit firms and some had advised that the Chair of the Board's attendance at the Audit Committee for this item would be sufficient.

RSM advised that this was a decision for the Board, and they were willing to attend the Board meeting either virtually or in person to present the report if requested to do so.

RESOLVED:

Following a discussion, the Committee agreed that the proposal was submitted to the Board for decision.

8.   **UPDATED AUDIT COMMITTEE TERMS OF REFERENCE**

The Head of Governance presented the Terms of Reference and explained that they had been updated to reflect the changes to the Audit Code of Practice.

RESOLVED:

The Committee endorsed the revisions to the Terms of Reference and agreed that they were recommended to the Board for approval.

ACTION:

Head of Governance / Board Agenda

9.   **EMERGING ISSUES**

The Committee received and noted the emerging issues briefing provided by RSM.

The Director of Finance reported that the Finance Committee had received a presentation from the VAT advisors at RSM regarding proposed changes to reclaiming VAT on new builds.

9.1   Assurance on College Funding & Auditor Role

Discussed as part of Item 7.

9.2   Updates to Audit Code of Practice - RSM

RSM advised that the key changes to the code were in relation to the additional assurance work on the funding audit, the requirement to present the Audit findings report to the Board and for all external audit contracts to be re-tendered every 5 years.

Governor Questions

Q. How long had RSM been the external Auditors for the College?
A. RSM had been the external Auditors for a few years with the contract having been re-tendered in 2017/18

10. **GDPR ANNUAL REPORT / UPDATE**

The Director of Finance presented the report which detailed the key activities that had been undertaken this year to ensure compliance with the regulations. It was noted that:
- There was a high completion rate for mandatory Data Protection training (98.1%)
- There had been no reportable data breaches with increased engagement with near miss reporting
- A positive outcome was been received for the Information Security Audit (April 2021)
- The risk of GDPR data breaches remained high due to COVID-19 and the switch to remote/blended working
- A series of awareness campaigns had been run in the Staff Update to alert staff to risks

11. **RISK MANAGEMENT**

11.1 **Risk Register incl High Risks and Updates**

The Director of Finance presented the Risk register and reported that:
- There were currently 10 high priority risks with mitigating actions in place
- All these risks and were reviewed via Strategic Plan monitoring reports
- The following key risks were proposed for monitoring by the Board:
  - Contagious illness - the impact and uncertainty with COVID was ongoing
  - Adverse publicity – specific concerns regarding complaints due to COVID outbreak closure and Teacher Assessed Grades (TAG) process
  - Breach of IT security and/or cyber-attack – actions ongoing in mitigation of this risk, but, increasing concerns within the education sector
  - Risk to OFSTED outstanding status – an inspection was anticipated early in the new academic year
- Failure to achieve 16/18 recruitment targets – applications were on target, but, concerns over the impact of recent reduced on-campus timetables and COVID outbreak closure
- The risk of a major incident had been removed as there had been limited adverse publicity associated with the sentencing of the perpetrators
- All actions previously recommended by the Lancashire Counter terrorism department had been implemented.

12. **GOVERNANCE IMPACT STATEMENT**

- Review and endorsement of internal audit plan for the next academic year
- Revisions to Committee Terms of Reference will ensure that they are up to date and in line with the revisions to the Audit Code of Practice
- Progress against GDPR regulations monitored

- Assurance sought on the provision of data for the funding assurance work
- Review of top 5 risks for monitoring by the Board
- Monitoring of cyber security audit and request that further updates provided to the Committee
- Discussion re external auditors presenting the Audit Findings report to the Board will ensure that the Board is complying with the requirements of the Audit Code of Practice

13. RESERVED BUSINESS

13.1 Confidential meeting between Audit Committee members without presence of executive staff

A confidential discussion between Audit Committee Members without presence of executive staff was held.

13.2 Approval of Reserved Business Minutes 11th March 2021

Agreed that: the minutes are approved as a correct record.

13.3 Matters Arising from the Reserved Business Minutes

There were no matters arising from the minutes.

14. DATE OF NEXT MEETING

Thursday 11th November 2021 at 6.00pm