COLCHESTER INSTITUTE CORPORATION

Minutes of a virtual meeting of the
AUDIT AND RISK COMMITTEE
held on Wednesday, 9 March 2022

Present

Mark Davies, in the Chair   Irene Kettle
Lisa Blake   Terry Smyth
Liz Goodall

In attendance:

Chris Adams   Director of Information and Learning Technologies
Alison Andreas   Principal
Gary Horne   Deputy Chief Executive
Hazel Paton   Clerk to the Governors
Claire Lavery   Audit Manager, TIAA

Claire Lavery was welcomed to her first meeting of the Audit and Risk Committee

1. **Apologies for Absence**
    There were no apologies for absence.

2. **Declaration of any conflicts of interest**
    None

3. **Agreement to Starred Agenda Items**
    Members were invited to indicate any items which they wished to star for discussion or question. Items that were not starred were noted and/or approved by the Committee without discussion.

4. **Minutes**
    The minutes of the joint meeting of the Audit and Risk and Finance and Resources Committees held on 10 December 2021 (CIC/AR/22/1/1) and meeting of the Audit and Risk Committee held on 10 December 2021 (CIC/AR/22/1/2) were received and approved as an accurate record.

5. **Matters arising from the Minutes**
    There were no matters arising from the minutes that were not covered elsewhere on the agenda.

6. **Assurance Dashboard incorporating Audit Tracker**
    CIC/AR/22/1/3, Assurance Dashboard 2021-22, was received and presented by the Deputy Chief Executive. It was reported that the Assurance Dashboard listed all the activities (internal audit, external audit and other one-off activities) that would be undertaken during year.

    It was reported that:

    *   The College had achieved the Government backed Cyber Essentials scheme with no recommendations and would be working towards Cyber Essentials Plus over the second half of the year.
    *   The College's online payment platform had received Payment Card Industry re-accreditation with no recommendations.
    *   The outcome of the Matrix review of the College's compliance with the Information, Advice and Guidance standards for its apprenticeships would be included in the report to the next meeting of this Committee.

- There were four recommendations from the previous year's internal audit programme that were still outstanding. The due dates for these recommendations were April and June 2022.

A Member questioned how this Committee determines the assurances it might want to achieve over a particular period. It was reported that an assurance mapping exercise which looked at the risk register and other risks in the sector had been carried out with the previous internal auditor some three to four years ago. As a high-risk area, it was recommended that there is a funding assurance audit each year. Last year there had been an apprenticeship funding review; this year 16-19 funding would be reviewed. It was agreed to carry out a mapping exercise as part of the process for setting the plan for 2022-23. The Committee asked for this to be included on the agenda for the next meeting.

7. **Cyber Security**

The Director of Information and Learning Technologies gave an oral report about cyber security for the first quarter 2022. The details discussed are recorded as part II, confidential, minutes.

Governors discussed the wider implications of the global threat as a result of the humanitarian situation in the Ukraine, the safeguarding risks and potential impact on young people (such as psychological and anxiety issues) as a result of the 24-hour news cycle and attitudes on social media. The Principal reported that two sector communications had been circulated to staff covering a number of aspects, including links to guidance on talking to young people about the conflict. Further information was due to be circulated at the end of the week. Staff were being advised not to dismiss concerns or to speculate, but to talk to their line managers and if appropriate refer students to the Welfare Team. The College has five students and one staff member from Russia, and others from countries local to Ukraine who were being watched discreetly and support will be put in place if necessary. So far, there were no reports of any negative issues and we know of no students or staff members from Ukraine itself.

Governors noted the improvements in online protection, thanked the Director of ILT for all that he had done over the last year, and questioned whether there was sufficient resilience in the ILT Team in terms of succession planning. The Committee was reassured that the skills gaps had been reduced and overall, the department was settled and the flight risk heavily reduced.

The Director of Information and Learning Technologies left the meeting.

8. **Internal Audit**

8.1. **Presentation**

A presentation from the Internal Auditor provided the Committee with an overview of the new internal audit team; the role of internal audit; the internal audit plan; reports from TIAA to the Committee, and client briefings.

The Committee asked how the Internal Auditors work with the External Auditors. The Internal Auditor reported that they meet with the External Auditor throughout the year to ensure that the audit plan drawn up at the start of the year provides them with sufficient coverage.

8.2. **New Internal Audit Reports**

8.2.1. **Assurance Review of Health and Safety**

CIC/AR/22/1/4, Assurance Review of Health and Safety, was received and the substantial assurance opinion noted. It was reported that the processes for managing Health and Safety were good. There was one routine recommendation (control issue on which action should be taken) arising from the review.

8.2.2. **Assurance Review of Procurement and Contract Management**

CIC/AR/22/1/5, Assurance Review of Procurement and Contract Management, was received and the reasonable assurance opinion noted. The Deputy Chief Executive reported that the Executive were pleased with the outcome of the review. There were no substantive findings.

8.3. **Internal Audit Progress Report**

CIC/AR/22/1/6, Summary Internal Controls Assurance (SICA) Report 2021/22, was received and noted. It was noted that the Procurement and Contract Management report had been finalised after the publication of the progress report.

8.4. **Internal Audit Assignments – Annual Summary**

CIC/AR/22/1/7, Internal Audit Assignments – Annual Summary, was received and noted. The Committee:

- questioned the scope of the Value for Money assignment scheduled for 2023-24. The Internal Auditor reported that the scope of the review would be agreed at the time, but would normally look at supplier spending, and whether the College was receiving value for money.
- asked if the review of Temporary Staffing and Use of Consultants would normally look at the implications of IR35. The Internal Auditor agreed that IR35 was a key risk and would ensure it was included in the review. It was reported that the College has relatively few consultants, preferring to appoint interim employees instead.

A Member questioned the decision not to include in the internal audit plan a review of Quality of Teaching and Learning Observations, which received a reasonable assurance opinion in 2018-19. In response it was reported that the 2018-19 review, which had been desk based, looked at the link between observation forms and action plans for development, and whether there was evidence that the action plans had been taken forward. Since the review, procedures had been tightened up, and this was an area that was now reviewed internally. The Executive agreed, prior to setting the internal audit plan for 2022-23, to discuss with the Internal Auditor how they would approach an audit of this area.

The Committee discussed the assurance they were looking to get from the internal audit process and agreed that the focus needed to be on priority areas. It was not necessary to move from reasonable assurance, which is a positive result, to substantial assurance in every area.

9. **Risk Management**

The Committee received and noted:

- CIC/AR/22/1/8, notes of Risk Management Committee meeting held on 23 February 2022
- CIC/AR/22/1/9, Corporate Risk Register, last updated 01/03/2022.

The Principal reported that in response to the latest updates from the Government the risk associated with the defunding of the Level 3 Applied General Qualifications had been reviewed, and the risk score elevated. An exercise had been carried out in the last few days, mapping each of the current programmes to what will be available from 2024, and RAG rated according to how likely it was that the College would maintain the same student numbers. The outcome of the exercise was a potential reduction in student numbers from 1800 to 500. The parameters of the RAG rating were reported as: Red – 0% retained; Amber – 30% retained; and Green – 80% retained.

Action: The Committee noted the risk had been elevated and asked that it be referred to the Finance and Resources Committee for the purposes of modelling and identifying the potential impact.

10. **Reports under the College's Fraud Policy**
It was noted that there had been no reports of suspected fraudulent or irregular acts under the College's Fraud Policy since the last meeting of the Audit and Risk Committee

11. **Data Protection / Freedom of Information Dashboard**
The Committee received and noted CIC/AR/22/1/10, Data Protection / Freedom on Information Dashboard.

12. **Health and Safety**
The Committee received and noted CIC/AR/22/1/11, minutes of the meeting of the Health and Safety Committee held on 11 February 2022.

13. **Development of Committee Members**
The Committee received and discussed CIC/AR/22/1/12, Development of Committee Members. The Committee were satisfied that there was an appropriate balance of competencies, knowledge, experience and expertise amongst the membership to fulfil its duties. The Committee noted that the ETF Governance Development Programme contained some relevant modules which members might wish to complete, and agreed that the Committee Chair, as part of their core competence and experience should have a good understanding of strategic financial management and funding.

The Committee questioned the practice in other organisations. The Internal Auditor reported that they could provide information for benchmarking and could provide webinars. **Action:** The Internal Auditor agreed to advise the Committee on what would be relevant.

14. **Review of Meeting**
The Committee considered:

- Items/papers to be reported to the Board: student wellbeing in the face of the humanitarian crisis; update to the risk register in respect of the defunding of level 3 programmes;
- Items to be treated confidentially: - update on cyber security
- Effectiveness of meeting and potential areas for improvement: items for discussion to be moved to the front of the agenda
- Feedback on papers: it was agreed to move from a termly to an annual report on Data Protection/Freedom of Information.

The Committee discussed whether it should be being receiving reports/assurances around climate change. The Principal reminded the Committee that Strategic Goal #6 was around sustainability and reported that there was a clear action plan around carbon reduction which would be reported to the next meeting of the Finance and Resources Committee and the Corporation Board. The Internal Auditor reported that from 2022-2023 all audits will consider sustainability matters. This was welcomed by the Committee.

15. **Date of Next Meeting**
It was noted that the date of the next meeting was under review.

16. **Any Other Urgent Business**
There were no items.

PART II – these minutes are not confidential, but the supporting papers are confidential

17. **Minutes**
    The Committee received and approved as an accurate record:

    - CIC/AR/22/1/13, Part II minutes of the meeting held on 10 December 2021
    - CIC/AR/22/1/14, Part II minutes of the joint meeting of the Audit and Risk and Finance and Resources Committees held on 10 December 2021
    - CIC/AR/22/1/16, Part IIB minutes of the meeting held on 10 December 2021

18. **Review of External Audit Service Performance**
    CIC/AR/22/1/5, Performance Indicators for the Financial Statements Auditors 2020-21, was received and noted. It was reported that in line with the requirements of the Post-16 Audit Code of Practice the College would shortly be tendering for external audit services effective year ending July 2023. The timetable for the procurement process was being finalised but it was hoped that the invitation to tender would be issued in April. The level of involvement of the Audit and Risk Committee in the tender process was discussed. **Action**: it was agreed to circulate the draft invitation to tender document to the Committee Chair and Lisa Blake for information and comment if appropriate.