



MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD 07 SEPTEMBER 2021 VIA ZOOM

Present:	Mr Stephen Hewes (Chair)	
	Mr Gerard Weide	
In Attendance:	Ms Kim Saw	- Director of Finance
	Mr Jon Allen	- Clerk
	Mr Chris Whelan	- Chief Executive Officer
	Mr Graham Gillespie	- Wylie & Bisset
	Mr Scott Macready	- Wylie & Bisset
	Mr Stuart Wilcox	- Risk Champion

The meeting commenced at 17.30.

WELCOME, APOLOGIES, DECLARATIONS OF INTEREST & ANNOUNCEMENTS

1. The Chair welcomed all attendees. There were no apologies. The Clerk confirmed the meeting was quorate. The Chair informed the meeting he would like to have a discussion on quantifying of risks and for his to be done under the agenda item 'Any Other Business'.

DECLARATION OF INTERESTS

2. There were no declared interests against any of the agenda items.

INTERNAL AUDIT NEEDS ASSESMENT PLAN 2021/22 – 2023/24

3. The prime responsibility of the Internal Audit Service (IAS) is to provide the Audit & Risk Committee, the Principal and other Senior Management of the Trust, with an objective assessment of the adequacy and effectiveness of management's internal control systems. To this end an '*Audit Needs Assessment Plan*' covering 3 years 2021/22-2023/24 is proposed for the Audit & Risk Committee to review and agree

4. The Audit Needs Assessment has been produced based on the following:

- Review of the Trust's Risk Register;
- Review of previous Internal Audit reports and plans;
- Planning discussions with the Chief Executive Officer and the Director of Finance;
- The identification of all areas of work by system and sub-system;
- The grouping of systems for audit purposes;
- The identification of key controls and associated risks for each system and sub-system;

5. The determination of the internal audit resource required to meet the identified audit needs for 2021/22 was confirmed as follows:

Audit Area	High level indicative summary scope	Total Number Of Days
Cyber Security	To review the overall IT systems in place to ensure the appropriate controls are in place and that these are operating as expected. The review will specifically examine the specifications and systems operated by the Trust to ensure that they are fit for purpose. The audit will also focus on reviewing network security arrangements in place to verify that users, data, and devices are sufficiently protected from cyber threats.	4
GDPR	The purpose of this review is ensure that the Trust is complying with the requirements of the General Data Protection Regulation which came into force from May 2018. A review will be undertaken of the processes in place to ensure compliance.	3
Funding Review	<p>The purpose of the review is to provide assurance that the Individualised Learner Record (ILR) return is complete, accurate, free from material errors and complies with the ILR specification for 2021/22 in respect of enrolment procedures.</p> <p>The review will include a review of the systems and processes used to capture learner numbers to ensure that all students are being correctly captured on management information systems. The review will also test that the information submitted to the ESFA can be substantiated so that funding income can be verified.</p>	4
Follow Up Review	The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. The follow up work will provide the Audit & Risk Committee with assurance that prior year recommendations are implemented within the expected timescales.	2

6. In terms of the timing of the audits, the audit on Cyber Security will be undertaken in November with the audit report to be considered at the March meeting of the Audit & Risk Committee. The two other audit reviews to be undertaken in March with reports to be considered at the June meeting of the Audit & Risk Committee.

7. For 2022/23 & 2023/4, the Audit plan identified other areas to be subject to audit review. However these, at this point in time, can only be indicative suggestions and the plan for 2022/23 will be subject to further review and discussions before being being out to the Committee for approval.

8. The Committee asked if the audit reviews scheduled for 2021/22 would be on-site visits or be undertaken remotely. In response the IAS stated a flexible approach can be taken involving a mixture of on-site visits and remote working. Final decisions on this would be made with senior management. The IAS would also need to take into account Government guidelines at any given point in time.

9. A discussion took place on whether 'Safeguarding' should be brought forward from the 2022/23 plan and be subject to an audit review in 2021/22. It was **AGREED** that if Ofsted has not inspected the College by next March, to replace the proposed 'Funding Review' with a review of 'Safeguarding'. If the College has been subject to an Ofsted inspection prior to next March, then to continue with the funding review.

10. The Chair asked the IAS if there were any areas not covered in the 3-year plan that they feel should be included. In response the IAS stated that from a risk perspective, all 'High' and 'Medium' risks on the Risk Register are covered in the 3 year plan. Although not identified as a 'High' or 'Medium' risk, the IAS suggested there could be value to undertake a review of the 'Student Experience', especially in light of Covid and how the College endeavoured to meet the needs of students during the pandemic. The CEO stated the College is expecting to be subject to an Ofsted inspection during the academic year and the student experience would be the main focus of the Ofsted inspection.

11. Following review, it was **RESOLVED** to approve the '*Audit Needs Assessment Plan 2021/22 – 2023/4*', subject to flexibility of the possible inclusion of an audit review of 'Safeguarding' instead of conducting a funding review if the College has not been subject to an Ofsted inspection by next March,

QUANTIFYING RISKS

12. The Chair outlined recent discussions held at the Trust Board on the quantifying of risks and the review of risk scores prior to mitigation and asked for the views of the IAS on how best to quantify risks. In response the IAS confirmed they have fed back their observations on the Trust's Risk Register to senior management. Risks are identified for inclusion in the Risk Register with risks being categorised as either 'High', 'Medium, or 'Low" prior to the impact of mitigation actions to reduce the risk score. A better approach suggested by the IAS would be for the risk to be scored after considering mitigation as this would identify the current 'High' risks for the Trust to focus on. Other than this observation, the IAS was of the view that there was nothing wrong in the Trust's approach to risk and risk management. Following the review of the Risk Register the IAS did make suggestions on how to improve the presentation of the Register, for example, moving the mitigation actions to the section describing the risks.

13. The IAS stated they could not advise on quantification of risks but suggested a better approach would be for the Trust to define their appetite for risk as this would help to mitigate and assess categories of risks. There is no right or wrong approach to defining a 'Risk Appetite',but having a definition would be useful when conducting a review of the Risk Register.

14. The Chair thanked the IAS for their observation and comments. It was **AGREED** for the IAS to work with the senior management team on developing a definition for 'Risk appetite' for further consideration by the Audit & Risk Committee and ultimately Trust Board approval.

ANY OTHER BUSINESS

15. There was no other business.

DATE OF NEXT MEETING

16. Tuesday 16 November 2021 @ 5.30pm

The meeting closed at 18.00

Signed: _____ Date: _____
(Chair)

MIN REF	ACTION POINT	WHEN
11	To approve the ' <i>Audit Needs Assessment Plan 2021/22 – 2023/4</i> ', subject to flexibility of the possible inclusion of an audit review of 'Safeguarding' instead of conducting a funding review if the College has not been subject to an Ofsted inspection by next March,	16/11/21
14	The IAS to work with the senior management team on developing a definition for 'Risk appetite' for further consideration by the Audit & Risk Committee and ultimately Trust Board approval	16/11/21