

NEW COLLEGE, SWINDON

Minutes of the Audit committee held on 19th March 2019

Present: Alexey Smirnov (Chair), Dennis Bridges, John Dernie, Peter Foskett

With: Robin Pritchard, Gateway Assure Limited
Carole Kitching, Principal and Chief Executive Officer
Richard Allanach, Interim Vice Principal Finance and Resources
Michael Dickinson, Financial Accountant and Procurement Manager
(minute 851-856)
Tracy Scaife, Clerk to the Corporation

842 Apologies for absence – received from Peter O’Brien and Ian Hole.

843 Welcome – the Chair welcomed Richard Allanach, Interim Vice Principal Finance and Resources to the meeting.

844 Disclosures of Interests – none.

845 Minutes of the last meeting held on 29th November 2018 – agreed as a correct record.

846 Matters arising – raised as follows:

(i) 833 Audit Completion Report (Management Letter) – noted that this has now been received and circulated to the committee. Adjustments were confirmed at circa £11k.

847 IT Security – report received and noted.

The meeting received an outline of the current situation with regard to IT security. The college systems remain secure through the plans and processes that are in place. With regard to fraud, the college seeks external advice and undertakes penetration testing. The frequency of this and areas looked at will be checked.

Concerns were raised about the increased number of phishing and scam emails. These are becoming more and more sophisticated with some being very difficult to identify. There is mandatory IT training for new staff and an IT usage agreement has to be signed. Staff are unable to access their log-in until they have completed the training.

ACTION: *IH to provide Audit committee with details of frequency of penetration testing and areas covered.*

848 Critical Systems Review – report received and noted.

Several companies have now been reviewed for the new finance, HR and payroll system and it is hoped that this will move ahead quite quickly once the new Vice Principal Finance and Resources is in post. It is not expected that the new system will be up and running during the current academic year as a significant amount of training will be required.

The current system for applications and enrolments needs looking at and improving in order to provide a better user experience. Consideration is currently being given to an add-on to the current

Tribal EBS system. This will bring some improvement for enrolment this year but the full benefit will be seen the following year. Alongside this will run a programme that uses SMS messaging and an online app.

A new telephone system has been introduced recently. Initially there were some problems with the system but this appear to have mainly been rectified.

IT upgrades are planned to take place over the summer. Plans have been put in place to try and avoid any problems with supply of equipment etc.

The committee asked for a document to be produced for them showing a traffic light list so that they can monitor progress being made against each area.

ACTION: *IH to provide traffic light list of progress made against each critical area.*

849 Risk Management update – report received and noted.

The Risk Management Group met on 7th March 2019 and reviewed the residual risk scores of risks within the Risk Register. The current highest scoring risk is cyber attack. A discussion was held with regard to risk 1.4 that the college would be forced in to an inappropriate merger by the Area Review process and it was agreed that this should be removed. Whilst there is still an appetite by some parties for merger this could only happen with Corporation approval.

It was further noted that risks are removed from the Risk Register once expired into an archive register.

850 Risk Management Policy – received and noted.

The format and content of the report needs to be reviewed and the committee asked for examples of Risk Management policies to be provided for comparison reasons.

RESOLUTION –

- (i) that the Risk Management Policy be recommended to the Corporation for approval subject to the following amendments:
 - (a) 1.2 (page 1) being amended to read – ‘to identify and constrain threats to the college’
 - (b) paragraph 3, second bullet-point (page 2) being amended to – ‘the Corporation will review its risk management policy at least once every year’
 - (c) an additional bullet-point being added to paragraph 4, page 2, appendix as follows – ‘identify risks which may be archived and advise the Vice Principal Finance and Resources to notify the Audit committee of those risks’;
 - (d) that an additional example definition relating to financial figures be added to each impact category as follows -
 - Catastrophic – would reduce the college’s cash holdings by more than £2m
 - Major – would reduce the college’s cash holdings by between £1m and £2m
 - Moderate – would reduce the college’s cash holdings by between £500k and £1m
 - Minor – would reduce the college’s cash holdings by between £100k and £500k

ACTION: *VP F&R to obtain examples of risk management policies for comparison.*

851 Internal Audit – Block 1 report – received and noted.

The report covers business continuity planning, safeguarding, health and safety and procurement VFM. Overall audit opinion for all areas is merits attention. There are 1 significant and 3 merits attention recommendations for business continuity; 1 significant and 2 merits attention recommendations for safeguarding; 1 significant and 4 merits attention for health and safety; and 1 significant and 5 merits attention recommendations for procurement VFM.

A discussion was held with regard to reporting lines for health and safety and the independence of the Health and Safety Manager. It was noted that the college management is ultimately responsible for health and safety at the college and that the Health and Safety Manager has a direct line to the Principal. The Health and Safety Manager should be auditing the risks of each department on an annual basis and identify areas where training is required for individuals and teams rather than just across the board. A lead governor for health and safety is also recommended but is not something that is usual within the sector. An annual health and safety report should also be presented to the Audit committee.

It was noted that a report on VFM and assurance is being presented to the next meeting of the Finance and General Purposes committee on 30th April and will be further presented on an annual basis. With regard to measuring the performance of procurement this is generally based on recovering the salary of the Procurement Manager.

Due to the timing of the next audit visits and the next Audit committee it was agreed that the Block 2 report would be presented to the first meeting in the 2019/20 academic year.

ACTION: *VP F&R to present report to F&GP 30.04.2019 re. VFM and assurance; H&S Mgr. to present annual report on H&S to Audit committee on an annual basis.*

852 Audit Action List – received and noted.

With regard to items on the Audit Action List it was agreed that actions should remain on the list for no longer than 24 months. At 24 months risks must either be escalated or removed and the risk accepted.

RESOLUTION: that the following items be removed from the Audit Action List –

4/18.2 key financial controls

5/18.4 marketing

853 Any other business – none.

854 Date of next meeting – Tuesday 14th May 2019 at 0830.

855 Confidential minutes of the meeting held on 29th November 2019 – agreed as a correct record.

856 Appointment of Internal and External Auditors – confidential minutes refer.