



**MINUTES
AUDIT AND RISK COMMITTEE**

Date: Tuesday 21 June 2022

By Microsoft Teams

Time: 6:00pm

Chair	Irfan Umarji
Corporation Members	Gurjit Kahlon, Pam Rowe
Co-opted Member	John Turnbull
In Attendance	Principal & CEO: Paul Stephen Chief Operating Officer (COO): Judith Abbott Deputy Principal: Jamie Purser Executive Director: Matt Fawcett Finance Director, Pieter Vermeulen RSM, External Audit Service: Sarah Mason Scrutton Bland, Internal Audit Service: Paul Goddard Scrutton Bland, Internal Audit Service: Alice Walker Funding Audit and Compliance Manager: Simeon Gibbons
Item 05	
Clerk to the Corporation	Judith Nelson

Item No	Item of business
PRELIMINARY PROCEDURAL MATTERS	
1.	Chair's Welcome & Opening Remarks The Chair welcomed all in attendance.
2.	Apologies For Absence None.
3.	Declaration of Interests None.
4.	<p>a. Minutes of the Last Meeting Held on 15 March 2022 The minutes were approved as a true and accurate record.</p> <p>b. Matters Arising and Action Points from the Meeting No outstanding matters arising.</p>
ITEMS FOR CHALLENGE, MONITORING & REVIEW	
5.	<p>Newham College Audit Compliance Progress Update: The Committee received a comprehensive update on the funding and compliance audits undertaken by the College's Funding Audit and Compliance Manager.</p> <p>The Committee reviewed the following updates:</p> <ul style="list-style-type: none"> ▪ Awarding Body Registration Audit Report ▪ Attendance Audit Report ▪ Adult Education Funding Audit Report <p>The audits have been extremely rigorous with the intention of ensuring that good practice is embedded throughout College processes and data recording; and they are a useful learning experience for the departmental managers.</p>

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	<p>An audit of non-accredited hours based learning is currently under way.</p> <p>Other audits on the original schedule have either been conducted in a different manner or overtaken by events:</p> <ul style="list-style-type: none"> ▪ Apprenticeships – planned audit cancelled in November due to clash with Scrutton Bland audit; team are working on evidence packs to ensure compliance, addressing historical issues ▪ Work Experience – covered most of this in the study programme audit so did not need a separate audit on this area ▪ Bursary – no formal audit undertaken but the data is reviewed every month and feedback provided to Director of Student Services; evidence was reviewed and 100% pass on Free School meals audit ▪ Sub-contracting – cancelled as Scrutton Bland have completed the audit required for ESFA; also sub-contractor enrolments have been included in the audit of the study programme/AEB audit and Mazar’s audit of procured AEB (under way at time of writing) <p>PDSATs, Dashboard and Funding and monitoring queries – no actual sample taken but work done with the ILR team addressing outstanding queries over the last few months and as a result of the Apprenticeship audit and AEB Mazar’s audit.</p> <p>The Principal advised the committee that as the funding rules are infernally complicated and in order to instigate cultural compliance, a programme of FE literacy will take place at the upcoming staff development day in July</p> <p>The Committee also reviewed the draft Audit Compliance Plan 2022-2023.</p>
6.	<p>INTERNAL AUDIT RISK & ASSURANCE REPORTS</p> <p>a. Risk & Assurance Progress Report June 2022 The progress report indicates the Internal Audit Service are now two thirds of the way through their substantive audit programme having completed four of six planned audits. A follow-up on previous recommendations is also outstanding; this and the remaining two audits are scheduled for later in June.</p> <p>b. Internal Audit Report:</p> <ul style="list-style-type: none"> i. High Needs Learner Support assurance opinion Significant, with one (Low) recommendation versus an average of 2.4 recommendations for this type of audit. Some 63% of all similar audits were also rated as Significant or better assurance. The one recommendation related to using the eSpirALS system for recording learners’ needs at enrolment, which will be done (the College introduced this software in January so it was not available last September) ii. Sub-contracting assurance opinion Significant with 5 (Low) recommendations versus an average of 2.5 recommendations for this type of audit. The College’s score puts it around the middle percentile of education institutions audited by Scrutton Bland. This audit is a mandatory annual condition of funding requirement. Most of all similar audits (93%) were also rated as Significant or better assurance.
7.	<p>Draft Internal Audit Plan 2022-2023 The Committee reviewed the proposals</p> <p>The College is proposing to continue with its three-part approach to internal auditing for 2022/23, as this has proven to be beneficial in providing appropriate targeted resource.</p>

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	<p>This paper covers Scrutton Bland's proposed schedule of internal audits for next year, as part of their three-year rolling cycle of audits, selected on a risk-assessed basis.</p> <p>The programme is based on 34 days of audits (as per scope of work undertaken this year and last year) and is proposed to cover:</p> <ul style="list-style-type: none"> a) Human Resources (4 days) b) Student Recruitment and Retention Classroom Based (4 days) c) Income and Debtors – or Procurement (4 days) d) General Data Protection Regulations (3 days) e) Mental Health and Wellbeing (3 days) f) Student and Employer Satisfaction (3 days) g) Follow up on previous recommendations (3 days) <p>The Committee RESOLVELD to recommend the Internal Audit Plan 2022-2023, for approval by the Corporation Board, noting that the mandatory requirement for sub-contracting will be replaced with a scheduled audit to be agreed.</p>
<p>8.</p>	<p>Draft External Audit Plan Year ending 31 July 2022</p> <p>a. Newham College Draft Audit Plan Scope of the audit will include, for the first time, accounting for the IoT.</p> <p>RSM have also provided a report on emerging issues in the FE sector. Following last year's substantive Audit Code of Practice change, that external auditors could no longer rely on ESFA/GLA assurance on funding (requiring them to do their own annual testing of funding), there is a subtle change this year, that auditors <i>must</i> (rather than should) report on regularity and probity of all subsidiaries and joint venture arrangements. It is fortunate that the recent simplification of the College structure (to remove Newtec and dissolve DSS, will make this a lot more straightforward than it otherwise would have been).</p> <p>The Committee RESOLVELD to recommend the External Audit Plan year ending 31 July 2022 for approval by the Corporation Board.</p> <p>b. Emerging Issues Spring 2022 The committee noted and thanked RSM for the updates on the latest emerging issues.</p>
<p>9.</p>	<p>Risk Register Update The Committee reviewed the risk register position update, noting no further changes since the March Corporation Board review.</p>
<p>10.</p>	<p>Cyber Security/Threats Update Report Progress towards Cyber Essentials Plus continues slowly. The six obsolete servers mentioned in the March report are to be replaced with six new servers which have been fully configured and are ready to be deployed. As well as addressing obsolescence and security risks, these will substantially improve performance. However, the College first needs to replace some obsolete edge switches. These were ordered many months ago but have not yet arrived due to supply chain issues which are beyond the College's control. The College remain hopeful that this work can be completed before year end.</p> <p>A further new requirement of Cyber Essentials and Cyber Essentials Plus, is that own devices will not be able to directly access the College network, so for example staff will be unable to access their College emails on their own phone. This will require careful communication and training, as it will be seen as an inconvenience.</p>

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	<p>JISC Infrastructure Review The IT department are now planning a JISC Infrastructure Review, for next term. This will build upon the extensive work done so far to address cyber security issues, to assess the overall efficacy of the current information technology infrastructure in enabling success as articulated in the strategic objectives. This will include a site visit and discussions with cohorts of staff and students to understand their experience of the infrastructure. They will then provide a comprehensive report with appropriate recommendations.</p>
11.	<p>Safeguarding & Prevent Update The Committee received a position update on the College's safeguarding and prevent activities and compliance measures that the College is currently undertaking to keep its learners and staff safe. The report covered:</p> <ul style="list-style-type: none"> ▪ policy updates ▪ an analysis of safeguarding cases ▪ Student survey ▪ partnership relations and activities
12.	<p>Governing Body Financial Dashboard The Committee received a position update on the financial dashboard as follows:</p> <ul style="list-style-type: none"> • Outstanding financial health with a score of 270 points • Cash flow actuals and forecast show cash days considerably in excess of FE Commissioner benchmark • Historical forecast accuracy has been mixed, but during times of unprecedented unforeseen events (Covid) • Adjusted current ratio was Outstanding • EBITDA was Outstanding • Borrowing as % of income was Outstanding • Staff costs as a % of income were considerably below sector benchmark <p>The COO advised the Committee that the dashboard looked phenomenally good, noting this is a journey not a destination.</p>
13.	<p>Any Other Business The Principal extended his appreciation to the Irfan Umarji, Chair as he stands down as Audit & Risk Chair, and moves onto become Chair of the Finance & Resources Committee. Pam Rowe, safeguarding governor will become Chair of Audit & Risk Committee with effect from the next academic year.</p>
14.	<p>Schedule of Meetings 2022-2023: The following dates were agreed outside of the meeting</p> <ul style="list-style-type: none"> • 30 November 2022 • 28 February 2023 • 13 June 2023