





MINUTES
AUDIT AND RISK COMMITTEE
 Date: Tuesday 30 November 2021
 By Microsoft Teams
 Time: 6:00pm

Chair	Irfan Umarji
Corporation Members	Lloyd Johnson, Pam Rowe
Co-opted Member	John Turnbull
In Attendance	Principal & CEO: Paul Stephen Chief Operating Officer (COO): Judith Abbott Deputy Principal: Jamie Purser Finance Director, Pieter Vermeulen RSM, External Audit Service: Sarah Mason Scrutton Bland, Internal Audit Service: Paul Goddard Scrutton Bland, Internal Audit Service: Carl Bullen Funding Audit and Compliance Manager: Simeon Gibbons
Item 11	
Clerk to the Corporation	Judith Nelson

Item No	Item of business
PRELIMINARY PROCEDURAL MATTERS	
1.	Chair's Welcome & Opening Remarks The Chair thanked and welcomed all for their attendance.
2.	Apologies for Absence None.
3.	Declaration of Interests None.
4.	a. Minutes of the Last Meeting Held on 22 June 2021 The minutes were approved as a true and accurate record. b. Matters Arising and Action Points from the Meeting No outstanding matters arising.
ITEMS FOR CHALLENGE, MONITORING & REVIEW	
5.	Accounts & Audit Findings - Year Ended 31 July 2021 a. Newham College Final Audit Findings for year ended 31 July 2021 b. Newham College Draft Annual Report and Financial Statements for year ended 31 July 2021 The Committee noted the following pertinent points: <ol style="list-style-type: none"> i. The audit identified no unadjusted disclosure item omissions and one balance sheet misstatement that has no impact on the year end result and is below the materiality threshold. ii. One risk has been identified, in relation to APA, (third party provider during 2017/18 for the provision of HE programme), the College has refuted claims of owing any monies. It should be noted a £200k balance sheet provision planned for release has been reinstated. iii. There are several recommendations on controls that the College has already addressed or will do during the course of the year ahead. These include recommendations arising from the new JACOP requirement for auditors to gain funding assurance, which would not previously have been in scope. RESOLVED: The Draft Annual Report / Financial Statements for the year ended 31 July 2021 to be recommended for approval by the Corporation Board (14/12/2021).

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6.	<p>Annual Report of the Audit Committee 2020-2021 The Committee reviewed the annual report of the Audit Committee noting the following pertinent points:</p> <ol style="list-style-type: none"> a. The report provided details of the work carried out by the Audit Committee in 2020/21. The committee met three times during the year and considered reports to assess the adequacy and effectiveness of the audit and risk function within the College. b. Also noting the outcome and comments following the FE Commissioners diagnostic assessment visits. <i>‘The FEC team is pleased with the progress made and considers there is no need to return to further monitor progress.’</i> c. The Audit and Risk Committee also noted the College has made excellent progress and improvements during yet another very challenging year. <p>RESOLVED: The Annual Report of the Audit Committee 2020-2021 to be recommended for approval by the Corporation Board (14/12/2021).</p>
7.	<p>Annual Risk Management Report The Committee reviewed the annual risk management report noting the following pertinent points:</p> <ol style="list-style-type: none"> a. The College identified and monitored/sought to mitigate 22 separate risks during 2020/21, one more than in 2019/20. b. By the end of the year, 15 risks had reduced in terms of severity while 7 remained unchanged. No risks increased in severity during the year. <p>The five risks still identified as major severity at year end were:</p> <ol style="list-style-type: none"> i. Failure to assimilate DSS into the College activities and mitigate all risks. As at year end, the issue of the Solar House lease remained unresolved. ii. Failure to make progress toward medium to long term estate regeneration iii. Failure to maintain estate, facilities and IT network/hardware and ensure statutory compliance. iv. Failure to develop or attract and retain the optimum number of appropriately skilled staff at the right cost and that reflect the diverse community that we serve. v. Failure to fully to deliver (or to mitigate the net impact on shortfall in delivery) ESF projects and Procured AEB. The College fell considerably short of its Procured AEB target in 2020/21 and this remains a significant risk for 2021/22. <p>RESOLVED: The Annual Risk Management Report 2020-2021 to be recommended for approval by the Corporation Board (14/12/2021)</p>
8.	<p>Risk Register Position Update The Committee reviewed the risk register update, noting the following pertinent points:</p> <ol style="list-style-type: none"> a. The Risk Register has been refreshed for 2021/22 with the strategic objectives updated to reflect the new strategic plan. b. There are two new risks this year – delivering the HTQ grant to invest in digital skills and improving Marketing and Schools Liaison activities. The latter is particularly important given the continued decline in 16-18 recruitment, and the dependency of IoT success on learner numbers. c. Failure to comply with new subcontracting rules is now regarded as part of the overarching risk of failure to comply with changing funding rules; and failure to maintain the estate is now part of the risk of failure to make progress on medium/long term estate regeneration. d. Three risks have been removed from the register altogether this year, as it is considered they have been fully mitigated – failure to eliminate unsupported software (completed); failure to assimilate DSS into College activities (no longer a risk with termination of Solar House lease the final step to winding up DSS); and failure to mitigate risk of legacy issues (this may have been premature since, after over 2 years’ silence, APA have contacted the College within the last week).
9.	<p>INTERNAL AUDIT:</p> <ol style="list-style-type: none"> a. Annual Report Year ended 31 July 2021 The Committee noted the following pertinent points: <ol style="list-style-type: none"> i. Seven assurance reviews were undertaken during the academic year, providing one strong, three significant, two reasonable and one limited assurance opinions as follows: <ul style="list-style-type: none">  Budget Monitoring and cash flow – Strong  Corporate Governance – Significance

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	<ul style="list-style-type: none"> ✚ Risk Management – Significant ✚ Subcontracting – Significant ✚ Payroll – Reasonable ✚ Student Attendance, Progress monitoring and Retention – Reasonable ✚ Student Recruitment - Limited <p>b. Risk & Assurance Report: Follow up on Previous Recommendations 2020-2021 Follow-up of Previous Recommendations received Limited Progress. 18 outstanding recommendations were listed, the College considers that 7 have now been implemented. Of the 18, 11 are low priority, 5 are medium and 1 is high priority. The high priority item relates to a reconciliation of study programme hours on the ILR to hours on the timetable, which is currently underway.</p> <p>Progress has been slow on previous recommendations, as a direct result of Covid-19 and the College having to re-prioritise; three funding audits taking place almost simultaneously; turnover of key responsible staff; other competing priorities including mitigating cyber security risks and time-bound capital projects.</p> <p>c. Risk & Assurance Reports 2020-2021</p> <ul style="list-style-type: none"> i. Subcontracting – Significant assurance opinion. The audit identified one Low priority finding, which was agreed and has been implemented. ii. Student Attendance and Participation - Reasonable assurance. The audit identified one High priority and three Low priority findings, all of which were agreed and planned to be fixed from the new academic year. <p>d. Progress Report 2021-2022 The Audit & Risk Committee reviewed the internal audit progress report 2022/22, noting:</p> <ul style="list-style-type: none"> ▪ Scrutton Bland will be undertaking an audit of apprenticeship recruitment and employer engagement during week commencing 29 November. ▪ Estates management will be rescheduled, due the Estates Director's priorities and workload of the IoT project. A revised date to be agreed.
10.	<p>Health & Safety Annual Report The Committee reviewed the Health & Safety annual report, noting the report was prepared by Ian Hardwick, Health & Safety Manager, who was appointed during the first COVID lockdown.</p> <p>Key Points to Note:</p> <ul style="list-style-type: none"> i. The Health and Safety agenda was once again dominated by Covid-19 in 2020/21. The College's mitigation measures performed well, with no proven in-college infections. ii. The College has addressed most of the infrastructure deficiencies identified last year, including replacement of East Ham and upgrade of Stratford fire alarm systems; replacement of CCTV on both campuses and phase 1 of fire door replacements/repairs. iii. An online accident and incident reporting system, Be-Online, has been launched. It also includes training modules which are being rolled-out to staff. iv. The new online system has led to an increase in reporting although there is still a sense of considerable under-reporting of accidents, incidents and near misses. v. The Health & Safety Committee has been re-invigorated after a hiatus due to Covid.
11.	<p>College Audit Compliance Progress Update The Committee received an update on the first funding and compliance audit of the academic year. Receiving an update on ILR Outcomes and Grades and Conditions of Funding, High Needs and EHCP's</p> <p>The audits were undertaken with extreme rigor, to ensure that good practice is embedded throughout College processes and data recording. The audits have been a useful learning experience for departmental managers, with respective departments/managers being made aware of the findings and what corrective actions and next steps needs to take place.</p> <p>An audit of advanced learner loans is currently under way, the planned audit of 16-18 study programmes (including free school meals) has been deferred until December, to give curriculum departments time to make necessary adjustments to ensure their timetables tie to the course file plans.</p>

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12.	<p>a. College Cyber Threat Progress Report The Committee noted the progress report evidenced that the College has massively reduced its risk of cyber fraud.</p> <p>The next layer of anti-fraud protection that the College is required to strengthen, is to upskill and train all its staff in cyber security awareness. This will be planned for a forthcoming Staff Development Day. Additionally, JISC’s intelligence-based security reports now show there are no current Newham College emails on their list of email accounts circulated on the dark web.</p> <p>b. JISC IT Network Penetration Test Audit - Update on Corrective Actions and Cyber Essentials Plus Readiness The Committee received the current status on corrective actions, following the JISC IT network penetration test audit. A further security measure recommended by JISC was to increase physical security of the East Ham server room as it opens directly onto the road through the campus. As recommended, the College has installed CCTV cameras directly outside of the server room.</p>
13.	<p>Safeguarding & Prevent Update The Deputy Principal made the Committee aware of a serious incident involving a group of learners, who were involved in a range of activities, contrary to the student behaviour policy and the law. This resulted in learners being suspended, pending a disciplinary investigation. To ensure the safety and security of all staff and students, the College worked with the Met Police and college security teams to address these behaviours and incidents.</p>
14.	<p>Any Other Business None</p>
15.	<p>Schedule of Meetings 2021-2022:</p> <ul style="list-style-type: none"> • 15 March 2022 @ 6:00pm • 21 June 2022 @ 6:00pm