

**EXETER COLLEGE FURTHER EDUCATION CORPORATION**

**AUDIT AND RISK ASSURANCE COMMITTEE**

**Minutes of the meeting held on Monday 13 September 2021 via Zoom**

**Present**

Sarah Brampton	Chair
Neil Hitchings	Vice Chair
Rob Hutchins	
Adele Westcott	

**In Attendance**

	John Laramy	Principal/CEO
	Richard Church	Chief Financial Officer
<i>Item 6 only</i>	Kate Barczok	College Accountant
<i>To item 7.4 only</i>	Roy Plowman	Tiaa
<i>Item 2.1 only</i>	Sam Hillman	Assistant Principal
<i>Item 2.2 only</i>	Steve Strang	Director of Estates and ICT
<i>Item 8 only</i>	Martina Esser	Quality and Compliance Manager
	Alison Layton-Hill	Clerk to the Corporation

**Apologies** Jo Matthews

**1. Welcome, Apologies and Declarations of Interest Action**

The Chair welcomed colleagues to the meeting and extended a particular welcome to Roy Plowman from Tiaa.

Apologies were received from Jo Matthews. There were no declarations of interest received.

*Sam Hillman, Assistant Principal joined the meeting*

**2. Individual Risk Scrutiny**

**2.1 Nursery Collaboration**

The Committee received a presentation from the Assistant Principal relating to the Nursery Collaboration. The challenges facing the nursery including Covid-19, staff recruitment, furlough and a nationally under-funded early years provision were highlighted. The College is now operating under one nursery (Owlets) with a new management structure, reviewed fees and having introduced a recruitment incentive.

Governors enquired how effective the staff incentive had been and whether staff were tied in for any period of time. The effectiveness was difficult to gauge so early in the year but the College is currently transitioning to

splitting the incentive to include a retention payment. It was noted that the furlough scheme is still limiting movement within the sector.

The Committee requested assurance that the nursery is planning for an Ofsted inspection, which it had noted was now in scope. It was confirmed that the team is implementing a new early years' curriculum as well as preparing for the Ofsted inspection.

The Committee challenged the attendance patterns and ratios to support the number of staff and children on roll. It was noted that the attendance patterns are complex and the nursery must adhere to strict standards, qualifications and ratios that govern nursery settings, as well as scheduling around sickness, annual leave and breaks.

Governors asked when the challenges would abate, and the future viability improve. It was noted that there remain staff vacancies which determine the number of children that may attend and subsequently limits the income potential. However, it was hoped that by merging the nurseries the outlook will be more positive within six months.

Governors acknowledged the excellent work undertaken by the team at the nursery and thanked Sam for providing a comprehensive level of assurance.

### **The Committee noted the presentation**

*Sam Hillman left the meeting. Steve Strang, Director of Estates and ICT joined the meeting.*

#### 2.2 IT Security – risk of hacking

The Committee received a presentation relating to the risk of IT Security and in particular the risk of hacking, which had increased over the last 18 months with the education sector appearing to have been specifically targeted.

The Committee noted that there was a rolling two-year plan to ensure the College processes remain robust and sustainable. The College had engaged in an external cyber audit and cloud security audit and multi-factor authentication had been introduced. The College had signed up with a national cyber security centre early warning system and internal security scans are frequently run.

The Committee requested assurance that staff training is given sufficient priority. It was confirmed that training will become mandatory for all staff and that test phishing emails will help to highlight vulnerable areas. There will also be penetration testing and some internal audit days have been allocated to IT security.

Governors challenged why only 90% of staff had engaged with the multi-factor authentication. It was noted that the College is confident that 100%

will be achieved imminently. There were some part-time staff, or staff away, that had not yet logged in since the roll out concluded.

The Committee questioned the risk of older devices that may still be in circulation. It was confirmed that this issue had been raised through the audit and the College had committed budget to implement a rolling replacement programme to ensure these devices are removed.

The Committee expressed its thanks for the helpful presentation which had provided additional assurance.

### **The Committee noted the presentation**

*Steve Strang left the meeting*

#### **3. Minutes**

- 3.1 The minutes of the meeting held on 7 June 2021, as circulated, were agreed as an accurate record of the meeting.

#### **4. Matters arising**

- 4.1 Committee self-assessment update  
The Committee reviewed the narrative prepared by the Clerk following the self-assessment discussion at the previous meeting.

### **The Committee agree the self-assessment narrative**

**Clerk**

- 4.2 Supplementary Bulletin – Post 16 Audit Code of Practice  
The Committee received the Supplementary Bulletin which had been published in July 2021 to be read in conjunction with the Post 16 Audit Code of Practice. Governors noted the additional requirements that the College must comply with.

### **The Committee agreed to recommend the adoption of the Supplementary Bulletin to the Board at its meeting on 8 October 2021.**

**Clerk**

#### **5. Risk Management**

- 5.1 Risk Register  
The Committee received and reviewed the risk register that had been updated by the senior leadership team, and the Chief Financial Officer outlined the key risks and any movement.

It was noted that five risk areas had been increased from low to medium: R15 – failure to respond to curriculum and assessment changes. Amended due to the uncertainty that funding for certain qualifications might be withdrawn.

R44 – student residential capacity and safeguarding. Amended due to the increased probability of an Ofsted inspection.

R6 – new and increased increase competition. Amended due to additional funding that had been introduced to the adult skills market resulting in new providers entering the sphere.

R13 – adverse publicity and reputational damage. Amended due to learners potentially gathering in groups in Exeter as well as the differing views on the expectation the College is putting on learners to wear masks.

R61 - The risk relating to the uncertainty about exam dates and methodology had been removed as the scale of appeals was less than expected.

The Chief Financial Officer informed the Committee that he had met with the Vice Chair of the Committee to talk through how risk assurance could be developed. The risk register now includes additional information about where additional assurance is obtained.

Although much assurance had been gained from the presentation relating to the IT risk, the Committee queried why the residual risk remains high. It was noted that the cyber audit had not yet been completed and therefore when the findings are known the risk will be re-evaluated.

Governors were keen to understand whether the risk register is considered a useful tool in terms of informing the senior leadership team and allocating resources. It was confirmed that the evolving document is helpful and concentrates useful thought processes and assurance.

The Committee acknowledged that the risk register is a good tool for mitigating risks, however suggested that processes for dealing with a crisis are also considered to provide assurance that the College will quickly recover from any crisis.

**The Committee agreed:**

- a) to recommend the Risk Register to the Board for approval**
- b) that the Chief Financial Officer will develop the programme for two individual risk scrutiny items for each meeting**

**Clerk  
RC**

*Kate Barczok, College Accountant joined the meeting*

**6. Policies**

**6.1 Anti-bribery Policy**

The Committee received and considered the updated anti-bribery policy and noted that there had been no amendments. A comment relating to an employee's term of employment was questioned and it was agreed that HR would be further consulted.

**The Committee agreed to approved the Anti-bribery Policy subject to further advise from HR**

**KB**

## 6.2 Anti-fraud Policy

The Committee received and considered the anti-fraud policy which was a new policy and had been produced in line with the financial procedures.

Governors were advised that additional robust fraud training will be provided. The Committee questioned whether there was an alternative method for concerns to be raised other than to the Chief Financial Officer. It was advised that there is a 'Disclosure' email address that is monitored by the Clerk who is independent of the senior leadership team. There is also a whistleblowing policy which sets out how disclosures can be made to designated people, those being the Clerk and the Chair of the Audit and Risk Assurance Committee.

### **The Committee agreed to approve the Anti-fraud Policy**

Kate Barczok left the meeting

## 7. **Internal Audit Service**

### 7.1 Internal Audit Service Annual Report 2020/2021

The report was received and the Committee noted that all four of the internal audits undertaken had resulted in substantial assurance. It was noted that there was effective risk management and control throughout the College in the areas audited and that nine days had been allocated to contingency.

The Committee questioned the validity of the level of assurance provided when only four audits had been undertaken and whether the annual report could include work undertaken in previous years. The Principal advised that the College had been selected for a full assurance audit by the Government to commence in November, which will cover all elements of the College.

The Committee noted that there are several avenues of assurance available to the College and asked who collates these lines of assurance to give a single view. It was confirmed that the Chief Financial Officer will be undertaking this work.

### **The Committee recommended the Internal Audit Service Annual Report for 2020/2021 to the Board for approval at its meeting on 8 October 2021.**

### 7.2 Project Reports

#### 7.2.1 – Key Financial Controls

The Committee received the final report, having received an oral update at the previous meeting, and was reassured that the key financial controls within the college are providing substantial assurance.

#### 7.2.2 – Learner Numbers

The Committee received the final report, having received an oral update at the previous meeting, and was reassured that learner numbers within the college are providing substantial assurance.

## **The Committee agreed to note the project reports**

- 7.3 Recommendation Tracker Report  
The report detailing internal audit recommendations was received and the Committee noted that that there were no overdue recommendations.

## **The Committee agreed to note the report**

*Roy Plowman left the meeting*

- 7.4 Review of performance and reappointment of the Internal Audit Service  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

*Martina Esser, Quality and Compliance Manager joined the meeting*

## **8. GDPR Update**

The Committee received the report and the Quality and Compliance Manager highlighted the progress that had been achieved along with the key priorities for the team going forward. The data breaches and near misses identified were noted and the Committee was pleased that staff are open, honest and confident in the support they will receive.

The current status of compliance was noted as an impressive 99%, compared to 41% in March 2019 demonstrating an excellent culture of compliance across the College.

The Principal/CEO explained that Martina had achieved a significant GDPR qualification and is a valued expert providing a high level of confidence to the College.

The Committee congratulated Martina and expressed its thanks for a positive and clear report.

## **The Committee noted the report**

## **9. Audit Tenders**

The Chief Financial Officer explained the tender process for the internal and external auditors. The Committee noted that it is a requirement of the ACoP that the external audit function is retendered every five years. The intention to seek a core internal audit function with the flexibility of engaging experts was noted.

## **The Committee noted the report**

## **10. Emerging Risks**

The Committee considered additional risks that may have emerged during the meeting.

The increase in National Insurance, and the potential hardship for employees that this may create was noted. The Chief Financial Officer confirmed that a contingency had been built into the payroll and therefore it was agreed that this did not need to be raised as a specific risk.

11. **Future Meetings**

11.1 Items to take to Board

The Committee agreed to take the following items to the Board:

- Individual Risk Scrutiny
- Risk Register
- IAS Annual Report 2020/2021
- Post-16 Audit Code of Practice Supplementary Bulletin
- Policies
- GDPR
- Audit Tenders

11.2 Items for next meeting

The Committee reviewed and agreed the cycle of business for the next meeting.

11.3. Dates of Future Meetings

- Monday 15 November 2021
- Monday 21 March 2022
- Monday 6 June 2022

12. **Items for Information**

12.1 Anti-Fraud Register

12.2 Committee Terms of Reference

12.3 Internal Audit Programme 2021/2022 (update)

Signed by the Chair



Date: 15 November 2021