

## Audit Committee Minutes

Meeting held on Thursday 26<sup>th</sup> November 2020 at 4.15 pm, via Zoom

*Governors:* Stuart Blackett, Subhash Chaudhary, Richard Poundford (Chair) and Norma Wilburn

*Apologies:* No apologies for absence from committee members

*In attendance:* Rosalind Armstrong (AuditOne); Claire Leece and Suzanne Wilson (RSM)

*Officials:* Phil Cook (Chief Executive Officer and Group Principal), Phil Hastie (Group Executive Director Planning and Infrastructure), Fiona Sharp (Group Executive Director Finance), Kay Taylor (Group Director of HR), Sarah Thompson (Clerk) and Sam Young (Governance Support Officer)

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### A20/53 Audit Plan Summary

Members **noted** the update to the Audit Plan Summary 2020-21.

Rosalind Armstrong updated members on progress against AuditOne's 2020-21 Internal Audit Plan as detailed in the Internal Audit Progress Report and, in particular, proposed changes. It was proposed to replace the Network Management audit with an audit on Cyber Incident Response Planning and to replace the Cyber Security audit with an audit on Bring Your Own Device Mobile Controls, using one day from the contingency allocation to increase this to three days. The Group Executive Director Finance confirmed that these changes had no budgetary implications. Members **agreed** the proposed changes to the 2020-21 Internal Audit Plan.

### A20/54 Agenda Item 1 - Standing Invitation to auditors to speak with committee members

The Chair confirmed that the auditors had not approached him since the last meeting and the internal and external auditors added that they had no issues to raise with committee members and would address agenda items as appropriate.

### A20/55 Agenda Item 2 – Minutes of previous meeting

The minutes of the Audit Committee meeting held on 8 October 2020 were **agreed** as an accurate record.

The Clerk explained that, as the cyber security online training was currently only accessible through an internal Etc. staff hub, she and the Group Executive Director Planning and Infrastructure would explore how to make the training available to governors. All governors had been invited to the Joint Audit and Finance and Employment Committees meeting. The Group Executive Director Finance confirmed that the deadline for developing online staff training in fraud and irregularity should read March 2021. Progress against actions was **noted**.

**A20/56      Agenda Item 3 – Notification of Items of Other Business**

There were no items of other business notified.

**A20/57      Agenda Item 4 – Emerging Issues**

The Group Executive Director Finance had outlined possible topics for presentations suggested by RSM and AuditOne in her previously circulated report and commented on the success of this approach the previous year. A member suggested a further topic - embedding a risk culture within an organisation to ensure all staff develop risk awareness. The Group Executive Director Finance agreed to share a possible scope for this with RSM and AuditOne. Members agreed on a presentation by AuditOne on pitfalls and lessons learned from HR investigations and that, given the need to regularly review risks to the sector, cyber security should be included as the third area of focus.

Members **agreed** these areas of focus and that the Group Executive Director Finance should liaise with the Clerk and the auditors on agreeing a schedule for future meetings.

**A20/58      Agenda Item 5 – Outstanding Actions Status Report**

The Group Executive Director Finance highlighted that there was one outstanding action from the Cyber Security audit and no other outstanding actions or recommendations. Work had been completed to replace one server but a revised target date had been set for the second server due to the volume of files to migrate. In response to a member's question about any increased risk or contingency plans needed as a result of the delay, the Group Executive Director Planning and Infrastructure confirmed that there were no risks of data loss and there was no reason the work would not be completed by the extended deadline but that he would confirm this with the Group Head of IT.

Members **noted** the status report.

**Agenda Item 6 – Risk Management**

**A20/59      6.1 – Etc. Strategic Risk Register 2020-21**

The Group Executive Director Finance confirmed that there were only four key updates to the Strategic Risk Register following review by the Risk Management Group (RMG); the numbering of these updated risks referred to the current and previous risk position, respectively. The increased Net Risk Score related to income at Bede and reflected the potential risk of lower applications for 2021-22; this had been flagged at an early stage and the Group Director of Marketing and College Principal Bede had already put mitigating measures in place. The report also listed topics discussed at the last RMG meeting but not added to the strategic risk register.

A member felt that the addition of the risk appetite column was valuable and the Group Executive Director of Finance explained that, should net risk be greater than the Group's risk appetite, increased control measures would be put in place.

Members **noted** the progress of risk monitoring for 2020-21.

**A20/60 6.2 – COVID-19 Risk Register 2020-21**

The Group Executive Director Planning and Infrastructure referred members to his previously circulated report and added that the COVID-19 Risk Register would continue to be regularly reviewed.

Members **noted** the update and COVID-19 Risk Register.

**A20/61 Agenda Item 7 – Whistleblowing Policy and Procedure**

The Group Director of HR explained that her report was in response to a request made at the last meeting of the Audit Committee. The Whistleblowing Policy and Procedure concerned protected disclosures as listed in her report and employees would normally raise any whistleblowing concerns with their line manager or the Group Director of HR. She confirmed that there had been no whistleblowing concerns raised by staff in the last four years; grievances and disciplinary issues were also reviewed to ensure they had no whistleblowing elements.

A member asked if there was an expected level of whistleblowing incidents in an organisation and the Group Director of HR explained that it was difficult to benchmark but that in her previous organisation there had been one incident in the seven years she was in post. She believed that there was a transparent and open culture at Etc. and that employees felt able to raise concerns early so that incidents did not escalate to protected disclosures.

Members **noted** the update.

**A20/62 Agenda Item 8 – Fraud and Regularity Update**

The Group Executive Director Finance confirmed that there had been no fraud and regularity issues. Members **noted** the update.

**A20/63 Agenda Item 9 – Any other business**

There were no items of additional business.

**A20/64 Agenda Item 10 – Approval of Documents for Public Inspection**

It was **agreed** that the agenda, approved minutes and supporting documents be made available for public inspection with the exception of the Appendix to Item 5, Outstanding Audit Actions Status Report, and papers for Item 6, Risk Management, which were deemed confidential for reasons of commerciality.

**A20/65 Agenda Item 11 – Date and time of the next meeting**

Thursday 11 March 2021, 5.30 pm, SRC 301 or held remotely if required

**A20/66 Agenda Item 12 – Key Themes**

The following items were identified as 'Key Themes'

- Areas of focus for future meetings identified – embedding a risk culture, pitfalls and lessons learned from HR investigations and cyber security
- Review of outstanding audit recommendations – one action overdue but plans in place for resolution
- Review of Etc. Strategic Risk Register and COVID-19 Risk Register – noted emerging risk in respect of Bede recruitment and planned additional controls
- Review of whistleblowing – no whistleblowing concerns raised in previous four years
- Confirmed no fraud or regularity concerns

*The meeting ended at 4.45 pm.*

**Approved at a remote meeting held on 11 March 2021**