

Minutes of a Meeting of the Audit Committee

Venue: Conference Room 1, South Tyneside College

Date: Wednesday 4 March 2020

Time: 4.00pm – 5.00pm

Present: Sheila Alexander (Chair)
Bernard Garner
Mark Overton

In Attendance: Lindsey Whiterod (Chief Executive Officer)
Neil Longstaff (Director of Governance)
Jane Cuthbertson (Chief Finance Officer)
Philip Church (RSM)

ITEM NO.	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</p> <p>The Chair welcomed everyone to the meeting.</p> <p>RSM stated that there were no areas of concern and to date 56% of the audit plan had been completed.</p> <p>Q. Concern over actions not being completed in a timely manner? PC explained that all actions were followed up at the end of the year to ensure that they had been completed as reported to Audit Committee via the Tracker or to determine if they were still outstanding.</p> <p>It was acknowledged that some actions had taken longer than expected to be completed but this could be owing to individual circumstances. However, governors asked the auditor to be mindful of dates of completion when conducting his follow-up report.</p> <p>LW and JC joined the meeting.</p>	
2.	<p>Apologies for Absence</p> <p>The Committee approved an apology for absence received from Mr G Clark after having first considered the reasons for his absence. Apologies for absence received from representatives of KPMG were also received and noted.</p>	
3.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda. PC declared an interest in Item 8 (Tender Process for Selection of Internal and External Auditors).</p>	
4.	<p>Minutes</p> <p>The minutes of the Audit Committee meeting held on 27 November 2019 were approved and signed by the Chair.</p>	

	<p>Matters arising</p> <p><u>4.1 Internal Audit Annual Report</u></p> <p>JC confirmed that the timescales for actions as per the Bar Chart at 2.2 in the report had been met and that the Audit Tracker had been updated to include an additional column to track implementation dates.</p> <p><u>4.2 Annual Report and Financial Statements for the Year Ended 31 July 2019</u></p> <p>Confidential item.</p>	
<p>5.</p>	<p>Internal Audit Reports</p> <p>The reports detailed below were presented to the members of the committee.</p> <p>i. <u>Internal Audit Progress Report</u></p> <p>Governors were reminded that the Internal Audit Plan for 2019/20 was approved by Audit Committee on 19 June 2019.</p> <p>This report provided a summary update on progress against that plan and summarised the results of the auditors work to date.</p> <p>The auditor indicated that three assignments had been completed since the previous report and other audits were on track to achieve their target submission date. However, there was to be a request to review audit dates (see Item 7)</p> <p>Each of the audit reports shown below covered the following areas:</p> <ul style="list-style-type: none"> • Executive summary • Detailed findings and actions • Categorisation of Findings • Scope <p>ii. <u>HR Recruitment and Selection</u></p> <p>The purpose of the audit was to undertake a review of the HR recruitment and selection processes at Tyne Coast College to evaluate the adequacy of the College's controls in ensuring that new recruits had followed HR processes and all required pre-employment checks had been completed in line with the Keeping Children Safe in Education Guidance (2019).</p> <p>Auditors found the controls in place for budget setting and monitoring and financial planning at the College were appropriately designed and consistently applied. As a result of the review, auditors concluded that the College had completed extensive pre-employment checks and all administration was documented on file.</p> <p>Auditors testing identified no 'bottlenecks' in the system; however, they suggested that the College might benefit from streamlining the recruitment and selection process to increase efficiency and reduce the level of administration.</p> <p>The report concluded that taking account of the issues identified, the Board could take reasonable assurance that the controls in place to manage this risk were suitably designed and consistently applied. However, issues had been identified that needed to</p>	

be addressed in order to ensure that the control framework was effective in managing the identified risk. Two medium and two low risk management actions had been identified.

Q. Appointment without an enhanced DBS certificate or outstanding reference, through an authorised DBS risk assessment? All staff completed a DBS check. However, if an appointment was to a key area, a risk assessment could be undertaken where appropriate, which was signed off by the CEO whilst awaiting the DBS.

Q. Sample of 14 new starters. Large enough? It was a comprehensive report and sample size was based on the number of new starts at the College but auditors felt that it was big enough to provide an opinion. It was noted that auditors would have gone back further for a larger sample if needed.

Governors commented that the format of the reports were much improved and easier to read.

iii. Operational Resilience

The objective of the review was to assess the strength of the controls in place to provide resilience to the College's IT platforms. The review considered the strategic risk of the IT environment not being appropriate for the achievement of the College's objectives; and the operational risk of key third party provided systems and services not being managed properly, leading to business disruption.

The report concluded that management had put in place a number of well designed and operating controls to provide resilience to the College's network and systems. Whilst this audit did not highlight any significant control weaknesses, some control improvements were required with a view to enhancing the College's IT operational resilience and strengthening the control framework.

Taking account of the issues identified, auditors stated that the Board could take substantial assurance that the controls upon which the College relied to manage the identified areas were suitably designed, consistently applied and operated effectively.

Three low management actions in relation to ITDR and key person reliance had been raised for consideration by management.

Governors commented that this was a very positive report.

Q. Report shared? Yes, with the managers.

iv. Competition and Markets Authority

This review focused on information provided to students at research and application, offer and enrolment stages as well as the role and training of staff in providing this information.

Auditors concluded that the College had an appropriate framework in place regarding adequate disclosure of information required through CMA requirements. However, auditors noted four opportunities for improvement during this review, which had resulted in four medium management actions.

Overall, auditors found that the Board could take reasonable assurance that the controls in place were suitably designed and consistently applied. However, issues had

	<p>been identified that needed to be addressed in order to ensure that the control framework was effective in managing the identified area(s).</p> <p>Q. Who runs the website? Combination of Marketing (for content) and IT (technical elements) Teams.</p> <p>Q. How do you improve the website? More permanent and specialist staff required to improve the current position and achieve a website that meets all requirements.</p> <p>Governors stated that this report was a good outcome given that HE had not previously been reviewed.</p> <p>Responding to a question the CEO confirmed that HE was a high-risk area in terms of income generation and highlighted the sixteen contracts with the University of Sunderland, which were delivered on a franchise basis.</p> <p>Resolved: That the Committee accepted the reports, as presented.</p>	
<p>6.</p>	<p>Audit Recommendation Tracker</p> <p>The Director of Governance presented the tracker for governors' consideration.</p> <p>The document identified any recommendations, which were deemed at high or medium risk, which were overdue for implementation. All personnel which were shown on the list with outstanding issues were asked to advise if there had been any further progress and the tracker had been updated accordingly in red.</p> <p>It was noted that a column had been added to the summary document to show expected completion dates for ease of reference.</p> <p>Q. Remove harmonisation of contracts from tracker? The CEO confirmed that a review of the costs of harmonisation was considered by SEG where a strategic decision was taken to continue with a 'piecemeal' approach to moving staff onto TCC contracts and was likely to continue at a review scheduled for March 2020 given the reduced numbers of staff who remained on TyneMet Terms and Conditions. It was noted that the Audit Management Action(s) consisted of separate elements some of which had been completed but others could not owing to the decision by SEG. The members of the Audit Committee recognised that where there was a significant policy change, then from time to time there needed to be a review undertaken to determine the relevance and risk. It was felt that in this instance, there was no reputational risk and staff were working to contract with no areas of concern.</p> <p>Q. Apprenticeships: loss of income? This area remained a significant concern re. invoicing and was high on the risk register. The CEO advised that this remained on the tracker.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That the report is received and accepted. ii. That the actions for HR: Capability Disciplinary and Performance Management be removed from the audit tracker. 	<p>NL</p>
<p>7.</p>	<p>Changes to Audit Plan 2019/20</p> <p>The Chair reported that JC and NL had sought approval to change the audit plan for 2019/20.</p>	

	<p>It was explained that within this year's audit plan, the committee agreed to an audit on 'financial planning' week commencing 17th February. JC asked that this be swapped with an audit on 'Procurement' due to a significant return that needed to be completed for the College with a deadline of the 28th February 2020. It was explained that this was the first year of this return and had taken a significant investment by all colleges to complete. As the Audit Committee was later than the date of the audit, the Chair had used 'Chair's Urgent Action' to approve this request provided that this would not compromise the audit programme.</p> <p>In addition, NL had discussed with Mark Overton (Chair of Governance and Search) and auditors about the planned governance audit, which was scheduled for March 2020. Due to the change in governance arrangements it was felt prudent to move this review to later in the year, to allow time for the new structure to 'bed in' and for members to familiarise themselves with their new role.</p> <p>The auditors had no objections to changing the scope of the audit.</p> <p>Resolved: That the Committee agree to endorse the actions of the Chair as outlined above and to defer the Governance Review as recommended by the Chair of Governance and Search, and Director of Governance.</p> <p>At this stage in the proceedings PC was thanked for his attendance and left the meeting.</p>	JC
8.	<p>Tender Process for Selection of Internal and External Auditors</p> <p>Confidential item</p>	
9.	<p>Any Other Business</p> <p>None.</p>	
10.	<p>Identification of Confidential Items</p> <p>Resolved: That Item 4.2 (Matters arising: Annual Report and Financial Statements for the Year Ended 31 July 2019) and Item 8 (Tender Process for Selection of Internal and External Auditors) are to remain confidential.</p>	
11.	<p>Date and Time of Next Meeting</p> <p>Wednesday 17 June 2020 at 4.00pm at TyneMet College site.</p>	

Signed:

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