MEETING OF THE AUDIT COMMITTEE OF MACCLESFIELD COLLEGE

TUESDAY 29 MARCH 2022 – 9.30 AM

MACCLESFIELD COLLEGE / ZOOM PART I

Clerk: Mrs R Clare

M Wright   Chair of the Committee
J Mairs
S Horseman
N Schofield

In attendance:
V Hayhoe
Internal Auditor – BDO LLP: B Welch

Action	
7/22 Internal Audit - Cyber Security – two outstanding recommendations to be completed by December 2022 relating to phishing campaign and External Penetration Testing. *VH will speak to DF and ascertain if the recommendation can be moved forward. RC to email Audit Committee Members with a response.*	VH/RC

MINUTES

Item	Title
	V Hayhoe to join the meeting once the Audit Committee has ascertained if there are any matters that the auditors wish to pass to the committee from their perspective whilst no college staff are in the room. The Internal Auditor confirmed that there were no matters that the auditors wish to pass to the committee from their perspective. V Hayhoe joined the meeting at this point.
1/22	**Welcome and Apologies for Absence**

	The Chair welcomed Members of the Audit Committee to the meeting. JM was welcomed to his first meeting of the Audit Committee. Apologies for absence were received for MB. NS, JM and BW joined the meeting remotely. MW, SH, VH and RC attended the meeting in person that took place at Macclesfield College.
2/22	**Declaration of Members' Interest** There were no declarations of Members' interest.
3/22	**Minutes** To confirm and approve the minutes of the meeting held on 9 November 2021 The minutes of the meeting held on 9 November 2021 were approved as an accurate record.
4/22	**Matters arising** **Matters arising from the minutes of the meeting held on 9 November 2021** The actions arising from the minutes of the meeting held on 9 November 2021 had been completed in a timely manner for approval at the December Corporation meeting. The actions related to an amendment to the letters of representation and the dissolving of the two subsidiary accounts. The two subsidiary accounts are in the process of being dissolved. The action relating to Cyber Security was included as an item on the agenda for this meeting. There was an action relating to the Internal Audit tender. • **Internal Audit tender** VH explained that Macclesfield College has gone out to tender for internal auditors through Tenet. Presentations/clarification meetings will take place for the top three internal auditors through to this stage. This has been scheduled for 27 April 2022 at 1pm.The meetings will take approximately 45 minutes each. The meetings have been scheduled to allow sufficient time for the new auditors to be able to prepare the audit plan for 2022/23 that will go to Audit Committee on the 21 June 2022. Audit Committee Members have been invited to attend the clarification/presentation meetings. SH confirmed that she will not be able to attend the meeting. MW, JM, NS and MB have confirmed attendance at the meeting.
5/22	**Fraud, GDPR and RIDDOR reportable incidents** VH confirmed that there are no issues relating to Fraud, GDPR or RIDDOR reportable incidents that she has been made aware of.
6/22	**Schedule of outstanding recommendations** VH confirmed that since the previous meeting of the Audit Committee two internal audit reports have been received: Safeguarding – there were no recommendations for this audit. Cyber Security follow up – originally there were 7 recommendations of which 5 were fully implemented. The follow up was completed early at the request of governors. The Budget control and cashflow audit has been completed and awaiting the final report. The Budget control and cashflow, Health and Safety and Annual follow up 2020/21 reports will be shared at the next meeting. The MIS: AEB audit is taking place week commencing 2 May 2022 and the Governance audit is taking place week commencing 9 May 2022. The schedule of audit recommendations was reviewed. Recommendations for previous years (pre-2020/21) that have been completed and signed off by the previous follow up audit have now been removed from the report. VH reported that for 2020/21 audits the two Cyber Security actions remain outstanding (reference 116 and 118) but all other recommendations are actioned and awaiting the follow up Audit in March 2022.

Audit Minutes

For 2021/22 the audits outstanding from the plan were confirmed as the following:

Budget control & cashflow	Completed w/c 28/02/22 – Awaiting report
Health & Safety	Scheduled w/c 28/03/22
Annual follow up (2020/21 audits)	Scheduled w/c 28/03/22
MIS: AEB	Scheduled w/c 02/05/22
Governance	Scheduled w/c 09/05/22

7/22	**Internal Audit** **To receive the internal audit assignment report prepared by BDO on the following areas:** • **Safeguarding including remote learning** BW confirmed that the level of assurance for design was substantial and for operational effectiveness was substantial for the Safeguarding including remote learning internal audit. There were no recommendations within the report. BW evidenced good practice across responsibilities, communication across the College, reporting, training and risk assessments. The Safeguarding Policy and Procedures are fully implemented and adhered to. Safeguarding arrangements and their application across the College was good. The Safeguarding mid-year and end of years reports are good. Training completed was high and where training had not been completed, (due to new starters/illness) the process for chasing and checking was under control and well managed. • **Follow up Cyber Security** BW confirmed that a follow up audit for Cyber Security had been completed. The Cyber Security audit was undertaken in March 2021. At the time, moderate assurance was given on both design and effectiveness of controls. The purpose of the review was to follow up on recommendations arising from that audit. Of the seven recommendations reviewed, three of the recommendations were of medium priority and the remaining four were of low priority. Five recommendations were fully implemented. Two recommendations remain in progress and had not been fully implemented. Revised dates for the two recommendations have been agreed as December 2022. These relate to a phishing campaign and External Penetration Testing. Q: What is the reason for the date being moved from June to December 2022? Is there a way that the original recommendation date can be considered? The date was pushed back due to the College lockdowns and periods of closure. VH will speak to DF and ascertain if the recommendation can be moved forward. RC to email Audit Committee Members with a response.
8/22	**Risk Management** VH provided an update on Risk Management. The Risk Heat Map was reviewed by Audit Committee Members. The heat map provides an overview of the key risks for the College which have been extracted from the overall Risk Management Register. Risks included on the heat map are those with an overall gross score of twelve or more, with the exception of the following which have been added at the request of governors: ▪ Risk reference 191: risk of non-compliance with GDPR ▪ Risk reference 236: risk of failure to achieve HE target ▪ Risk reference 95: risk of Health & Safety requirements not maintained leading to accidents/HSE review VH informed the Audit Committee that the Risk Management Group met on 10 March 2022 and discussed the risks within the risk register in detail. The register was updated, a number of risks have been updated with information and additional controls. Where appropriate to the risk score (where gross risk score is 12 or more) these are shown within the heat map. VH reported the key changes as the following: • **Risk 7.1 Ref: 58 Risk Title: College IT and end user devices are inadequate Consequence: IT and end user devices are unable to support curriculum or business needs.**

Since the last meeting of the Audit committee this risk has been reviewed and the score after controls reduced to Impact – Moderate (2) and Likelihood – Possible (2) = 4

- **Risk 7.3 Ref:253 Risk Title College IT server infrastructure is inadequate Consequence: IT infrastructure unable to support curriculum or business needs.**
Since the last meeting of the Audit committee this risk has been reviewed and the score after controls reduced to Impact – Moderate (2) and Likelihood – Possible (2) = 4
- **Risk 7.1 Ref:254 Risk Title: College IT end user systems/software are inadequate Consequence: IT infrastructure unable to support curriculum or business needs.**
Since the last meeting of the Audit committee this risk has been reviewed and the score after controls reduced to Impact – Moderate (2) and Likelihood - Likely (3) = 6
- The Risk management group agreed that Risk 3.5 228 and Risk 6.1 233 should be removed as they are too similar to Risk 1.2 175. These are highlighted in grey on the heat map.
- The Risk management group agreed that Risk 3 Ref:251 should be removed as COVID 19 restrictions have been lifted and therefore this risk no longer applies. It was confirmed that if the guidance is updated at a future point, then this risk will be reconsidered.

VH explained that she is looking to create a new document concentrating on the top 10 key strategic risks. The current document was not user friendly and encompassed operational risks. The document was lengthy and it was agreed that it would be better for governors to concentrate on 'what keep us awake at night' strategic risks. The Chair of the Audit Committee explained that there are news areas of college business that the current document did not include. VH suggested for the committee to carry out a deeper dive on the report annually to agree if the risks are still relevant and should be rolled over, in addition to identifying any new risks. The operational risks would sit beneath the strategic risks and be managed by the internal risk group.

Q: Does the document include the rise in energy prices and cyber security risks?
VH confirmed that there are significant additional costs for energy prices but this will not impact on the overall financial health grade.

9/22	**Date and time of the next meeting** The date of the next meeting is due to take place on 21June 2022 at 9.30am. The Director of Governance confirmed that a new Member had been interviewed and offered a place on the Corporation. This will be ratified at the Corporation meeting on 26 April 2022. CJ will also be joining the Audit Committee and is a chartered accountant with significant experience in both the public and private sector, in addition to governor and board experience.

Signed and dated by the Chair of Audit Committee:	